



**FOREIGN
BROADCAST
INFORMATION
SERVICE**

JPRS Report

West Europe

West Europe

JPRS-WER-88-045

CONTENTS

22 AUGUST 1988

POLITICAL

EUROPEAN AFFAIRS

- Swedish Soviet Affairs Expert: Moscow Changing Nordic Policies
[Stockholm DAGENS NYHETER 14 Jul 88] 1

FEDERAL REPUBLIC OF GERMANY

- Adam-Schwaetzer on Candidacy for FDP Chairmanship 2

FINLAND

- Rival CP Party Papers on SKDL, Mainline CP Leadership Changes 6
Kakela on SKDL's Direction 6
SKDL Secretary Backs Diversity 7
Departing Chairman Aalto Comments 8
Newspaper: Departure 'Unavoidable Tragedy' 10
Stalinist Paper Comments on SKDL 10
Aalto's 'Dear End' 11

GREECE

- Alleged Plot for Center-Right 'Cooperation' Government 12

ITALY

- PCI's Iotti in Favor of Eliminating Senate 13
PCI Begins Analysis of Local Election Fiasco 14

NORWAY

- Polls Spell Trouble for Labor Party With Progressives' Gain 16
Progressives Pass Conservative Party 16
Challenge for Other Parties 17
Would Make Governing Difficult 17
Nonsocialist Leader Assesses Gain 18
Labor Party Losing Youth Vote 19
Nonsocialists 'Wandering in Desert' 19
Poll Relates Issues, Parties 20
Politicians Must Speak Clearly 21
Labor Party's 'Hagen Strategy' 22

PORTUGAL

- Signs of Disagreement Between PCP, CPSU Appear 22
Well-Known Analyst on Future Political Developments 24
Trial Planned for Azores Separatist Leader 25
Iraqi Intervention Charged in Lisbon Islamic Community 25

SWEDEN

Long-Range Trends, Voter Concerns Analyzed in Poll Reports	26
SDP Gaining Younger Voters	26
Environmental Concerns Over Economic	28

TURKEY

Ecevit Defends Kurdish, Others' Right To Form Parties	29
75 Guns Impounded in Samsun Raid	29

MILITARY

ITALY

Military Aviation Planned Use of A-129 Helicopters; Other Plans	31
---	----

PORTUGAL

General Staff Chief on Lack of Resources, Military Service	34
--	----

ECONOMIC

DENMARK

Study Shows Family Budgets Increasingly Squeezed	38
--	----

FINLAND

Departing Soviet Ambassador Sobolev on Trade Problems	39
---	----

ITALY

Fiat's Director of Finance on Company's Future Financial Plans	41
De Benedetti Explains Past Actions, Future Plans	44

PORTUGAL

Bank of Portugal Reports Increased Consumption, Investment	49
--	----

SPAIN

Joint Venture in China Reported	50
Telefonica, Entel Joint Venture Faces Opposition in Argentina	50
CASA Cuts Losses by 50 Percent	51

SOCIAL

ITALY

Report Shows Youths' Esteem for Family, Authorities	52
---	----

PORTUGAL

Social Conditions Seen Not Justifying National Optimism	53
Poll Among Youth Shows National Pride, Optimism About Future	54

EUROPEAN AFFAIRS

Swedish Soviet Affairs Expert: Moscow Changing Nordic Policies

36500140 Stockholm DAGENS NYHETER in Swedish
14 Jul 88 p 5

[Guest commentary by Lena Jonsson, Soviet researcher at the Foreign Policy Institute in Stockholm: "Soviet Union Reviews Its Nordic Policies"]

[Text] "If the "Nordic balance" is to continue, we will never reach an agreement on a Nordic nuclear-free zone," said Lev Semejko, a Soviet researcher and an employee of the MOSCOW NEWS, at a roundtable discussion between Soviet and Swedish researchers in Moscow recently.

Semejko wants to create one zone and he therefore finds it necessary to change the existing pattern in the Nordic countries. It is, however, maintained by various Scandinavian analysts that the proposal is not compatible with the status quo. Usually, this issue has not been commented on by the Soviet side. Semejko's comments are therefore noteworthy. It reveals the Soviet Nordic policies and as a result, possibly paves the way for a new future realism in Soviet Nordic policies.

During the roundtable discussions on European security issues hosted by the USA-Canada Institute in Moscow for a delegation from the Foreign Policy Institute, there was a new and welcome Soviet openness toward Nordic views.

The security policy pattern in the Nordic countries has never been accepted by the Soviet Union as a permanent solution. Nor has Moscow accepted ideas about a "balance" of the Nordic countries' security policy. In 1984, the Soviet researcher Lev Voronkov wrote that "the concept 'Nordic balance' has often been used by these countries in order to justify artificial barriers that prevent positive changes in the spirit of detente. They are unable to give any guarantees for their security or promote detente." "This concept does in fact contribute to a gradual change in the proportion of the forces in the region to the advantage of NATO."

Despite such comments and analyses from the Soviet side, various Western analysts think nevertheless that for all practical purposes, the Soviet Union does accept the security policy pattern in the Nordic countries.

In his speech in Murmansk last October, Gorbachev proceeded, like Brezhnev had done, to suggest a Nordic nuclear-free zone. Gorbachev offered a zone agreement on a bilateral or multilateral basis, and that the Soviet Union would act as guarantor for the nuclear-free status of the region. Gorbachev's speech contained something new only to the extent that he also suggested limitations

on the military activities in the ocean area bordering Scandinavia, confidence building measures at sea along with civilian cooperation in energy and environmental matters.

At the researchers' roundtable discussions in Moscow, Semejko pointed out that a nuclear-free zone requires a changed security policy pattern in the Nordic countries. Although Semejko did not specify which changes would be necessary, he must have been referring mainly to a reduction of Norway's and Denmark's obligations to NATO. If the Soviet Union is to act as guarantor for the zone, the positions between East and West in the Nordic countries will unavoidably shift. It is difficult to imagine such a shift without consequences for the countries that do not belong to an alliance, i.e., Sweden and Finland.

All the Soviet participants at the roundtable discussion conference did not, however, seem equally convinced about the blessings of the nuclear-free zone.

Three viewpoints could be distinguished:

1) "The 'old' line:" According to this line, a Nordic nuclear-free zone constitutes the primary solution for the security problem of the Nordic countries. A [nuclear-free] zone guarantees that the Nordic countries will not be subject to an attack with nuclear arms. In an article distributed at the Moscow conference, the Soviet researcher J.F. Davydov writes: "A Nordic nuclear-free zone would without a doubt contribute to a greater security of the member countries. Guarantees from the nuclear powers of not using nuclear weapons against members of the [nuclear-free] zone would exclude this region from warfare and neutralize the threat of nuclear weapons."

2) "An 'old but adjusted' line:" If the nuclear-free status which the Nordic countries today present in peacetime is confirmed with an agreement, it would constitute a significant step toward increased security for the Nordic countries. At the same time, it is pointed out that the zone must be an integral part of a larger European and global detente body.

3) "A 'new but not official' line:" European solutions are emphasized and the claim for a regional solution in the form of a Nordic nuclear-free zone is toned down or totally abandoned. Advocates of this line point out that a zone does not reduce the risk of the Nordic countries being drawn into a major European war, and that the Nordic countries are in reality nuclear-free, together with the fact that they are unwilling to contribute to a zone solution. It is therefore better to concentrate on broader European solutions in keeping with "corridors" in Europe (without arms or with restrictions on arms).

"This latter line, which omits the claim for a nuclear-free zone, expresses a realistic and nondogmatic redirection in Soviet security debates. It is still too early to say to what extent it will be able to get the Politburo's ear in

Moscow. At any rate, Soviet foreign experts, nonetheless, seem to show greater openness for political realities in the Nordic countries at present—in the form of Nordic aversion against the zone idea, along with the fact that the Nordic countries are already free of nuclear arms. Maybe that can get Soviet decision-makers to reconsider their previous Nordic policies in which the zone without nuclear arms is presented as the universal remedy against the threat of nuclear arms."

9583

FEDERAL REPUBLIC OF GERMANY

Adam-Schwaetzer on Candidacy for FDP Chairmanship

36200178 Hamburg DER SPIEGEL in German
27 Jun 88 pp 31-38

[Interview with Staatsminister Adam-Schwaetzer by Winfried Didzoleit and Paul Lersch of DER SPIEGEL at FRG Foreign Office: "I Know the Game"]

[Text] SPIEGEL: Gnaedige Frau [Madam—literally Gracious Lady], do you like this form of address?

Adam-Schwaetzer: I don't see at all why this—no doubt very courteous expression—is used vis-a-vis women, whereas nobody would address Mr X as Gnaediger Herr [Gracious Sir]. Why should one not also make it quite clear in the way one expresses oneself that one is engaged in quite normal business relations?

SPIEGEL: Pale-pink nail polish, legs crossed, mascara, and a small necklace—that is the way you are portrayed. Does that bother you?

Adam-Schwaetzer: None of that bothers me, because it is true. But it also shows that in our society women and men continue to be judged by different criteria. For that matter, I would like to run into more well-dressed and good looking men in state and industry.

SPIEGEL: At the Federation of German Industries (BDI) you recently were assigned the role of "charming company at table." The gentlemen were disappointed when you were not satisfied with that. Male chauvinism?

Adam-Schwaetzer: I think it means that the old role clichés continue to play a part in the education of a great many people I deal with. I don't mean to say that I consider my candidacy for the FDP chairmanship to be a big fanfare, but I do think that it can contribute to reducing such prejudices.

SPIEGEL: Actually there has been nothing to compare with it in Bonn except among the Greens. Do you figure on a women's bonus?

Adam-Schwaetzer: As you say yourself, it is very doubtful whether such a women's bonus exists. It is rather a question of curiosity, with people wondering how she is going to make out. I am sure that among women too there are many who continue to place greater trust in male politics. We'll see what happens.

SPIEGEL: Did the men in industry not take you quite seriously?

Adam-Schwaetzer: It was a source of irritation that no one was mar enough to stand up and say what was necessary in that situation and that it was left to a fairly young woman to do the job. Evidently it was a difficult situation for quite a number of people, but that is something they have to get used to.

SPIEGEL: Your rival, Otto Graf Lambsdorff, thinks that the voter feels a need for security and is more likely to place his trust in someone like him, a person with long political experience.

Adam-Schwaetzer: Of course it is important to have confidence in the person—for the citizen to feel that the politician knows how to recognize problems and make decisions. But that has nothing whatever to do with age.

SPIEGEL: You would like to address a new generation. Is it that you don't like the people who have been voting for the FDP all that much?

Adam-Schwaetzer: I think that they alone are not enough. We have to conduct the kind of politics that are comprehended especially by the younger generation, which is aware of the great problems caused by damage to the environment, for example. They will not come to us on their own, and the party has to adjust to that.

SPIEGEL: The reproach by the people in your party is that, for a start, by reprimanding business you have alienated the old supporters.

Adam-Schwaetzer: It goes without saying that I address problems where they need to be addressed. The BDI had placed its annual convention under the general slogan of "responsibility for the future." Surely this also means that we are not defeatist about the present, that we do not disparage the psychological prerequisites for keeping our position vis-a-vis business attractive.

SPIEGEL: Your audience thought that, above all, it was wrong for you to talk about an average tax burden of 50 percent for business.

Adam-Schwaetzer: Those figures come from the Ministry of Finance. The 70 percent cited by the Institut der Wirtschaft [Institute of Industry] are arrived at only if you assume some extreme prerequisites. To be honest one ought to talk about an average burden.

SPIEGEL: If the tax burden of business is not all that serious, why does the FDP regard the abolition of the license tax [Gewerbesteuer] as a matter of such priority?

Adam-Schwaetzer: After all, we do not live on the Islands of the Blessed. We are working toward the realization of a European domestic market by 1992. So we have to see what the plans of our partners are to make their position vis-a-vis business attractive. Great Britain, for instance, wants to arrive at a business tax burden of only 20 percent by 1993.

SPIEGEL: With a run-down public health system and cities which look like big slums.

Adam-Schwaetzer: Those are the very consequences I see, and for this very reason one must ask oneself whether this is defensible.

SPIEGEL: Do you mean the tax system is primarily intended to insure the ability to compete internationally?

Adam-Schwaetzer: I do not consider it either necessary or feasible for the Federal Republic to have the lowest taxes by international standards. An advantage of our position, for example, is that we have highly qualified skilled workers. We have to maintain our educational system. So we need taxes.

SPIEGEL: And who is to make up the loss of the license tax?

Adam-Schwaetzer: According to FDP plans, additional income or turnover taxes are to be leveled instead. But that is no great problem for me either, for it cannot be allowed to happen that if the burden on business is reduced that way all others will have to pay more in the final analysis. As yet there is a lack of a conclusive tax concept.

SPIEGEL: The FDP has been fond of portraying itself as a party of tax reduction to be funded by a reduction of subsidies—in other words, tax relief. The result: The big earners benefit most.

Adam-Schwaetzer: All the criticism notwithstanding, one must not ignore one thing: In the future, about a million citizens who to this day have to pay tax will no longer have to pay tax. In other words, the very small ones are not hit.

SPIEGEL: Higher social security contributions and higher consumer taxes disproportionately affect persons earning up to DM5,000.

Adam-Schwaetzer: I don't think it is a good thing at all that the increase in the consumption tax has turned out to be so drastic. Also as far as economic ups and down are concerned, it certainly would have been better if it

had been possible to avoid that. But I think there was no way to avoid it. As for the social security contributions, you assume that they will be increased....

SPIEGEL: That's what the coalition decided to do.

Adam-Schwaetzer: I will work very hard to see to it that the government does not live up to your expectations. Our aim was lower, not higher health insurance contributions. And I was also quite amazed to read in the papers that unemployment insurance contributions are to rise 0.5 percent next year. That is not the right way.

SPIEGEL: But do you have some idea as to where the needed 5 billion are to come from?

Adam-Schwaetzer: All that has to be arranged in connection with the medium-term financial planning of the federal budget, which undoubtedly will cause us quite a few problems in the fall. A solid budget is, of course, important, but it is just as important not to dampen growth still further.

Therefore, what we need for a start is a reform of the measures for providing jobs. The funds of the Federal Labor Institute must be used more specifically for continuing vocational training. For that, I think a higher government subsidy definitely makes sense.

SPIEGEL: But the budget is already under quite a strain as it is, from various sides—billions of subsidies for the Airbus and billions for a new fighter plane, on the one hand, and funds for family politics, on the other.

Adam-Schwaetzer: Starting in municipal politics, I have always been opposed to weighing sports grounds against the purchasing of a painting for a museum. That just doesn't work. I, therefore, cannot compare the Airbus with family politics.

SPIEGEL: Your friend Lambsdorff remonstrates you by saying that one cannot spend a mark more than once.

Adam-Schwaetzer: There is no denying that. Nevertheless the social security system has to be changed to achieve greater fairness toward women bringing up children. Instead they are pushed aside with 70 percent of a man's pension, with a far too small claim of their own.

SPIEGEL: If a pension is paid out without anyone having contributed to it, the federal treasury has to come up with the money.

Adam-Schwaetzer: Sure. Therefore I say: Okay, as far as I am concerned, two quite big chunks have to be accommodated and taken care of in medium-term fiscal planning—the decision in favor of the 90 Fighter Plane, and likewise increasing pension costs. The FDP has demanded all along that in the last analysis the federal subsidy must be increased.

SPIEGEL: Calling a spade a spade: Finance Minister Stoltenberg has to ignore his limits for net borrowing.

Adam-Schwaetzer: Whether that is the solution, I really cannot say. But, of course, that is not all that we are faced with in medium-term fiscal planning. I keep wondering why we finance unemployment rather than jobs. I would like to see a restructuring of the measures for procuring jobs for persons who are difficult to place. We need a system which helps establish livelihoods in cooperative societies that compete in the marketplace. The FDP passed such a program at its party congress as early as 1987, but unfortunately did not implement it.

SPIEGEL: In the debate about such questions, things are topsy-turvy these days. Is that due to a lack of leadership?

Adam-Schwaetzer: I am not very happy with the modus operandi of the coalition. I think it is disastrous if the impression is created among the people that, no matter what the coalition decides to do, the minister-presidents of the CDU/CSU—that is, persons outside—question it and disparage it.

SPIEGEL: As is also done in Bonn, even by you yourself, as you have just demonstrated.

Adam-Schwaetzer: I really think it would be better to include the experts in the parliamentary parties in the decisions of the coalition, to stick more closely to the processes that are also stipulated in the agenda of the Federal Government, according to which a draft bill is first worked out among the ministries concerned. Only a few political items ought to be solved at the political level. We sometimes turn things upside down. That creates the sorry image of the coalition.

SPIEGEL: In other words, there is too much politicking.

Adam-Schwaetzer: Yes—in too many small bodies. We have to have the top meetings of the three party chairmen, but I think they have to be at the end of the decisionmaking process—to settle questions that really cannot be settled at the level of the ministries, the experts, the parliamentary parties, and individual members of the government.

SPIEGEL: And what is the Cabinet for?

Adam-Schwaetzer: Unfortunately that is not where the decisions are made. I would like to see the Cabinet serving not just as the executor of coalition agreements. A greater amount of political debate would be desirable.

SPIEGEL: Precisely under Bangemann's leadership, conflicts have been eliminated through compromises at the preliminary stage—the well-known bull sessions. That would no longer be the case if you were in charge?

Adam-Schwaetzer: I find this criticism unjust. We have done very well with Martin Bangemann in quite a few elections. That, of course, is also connected with Bangemann's effort to act as harmoniously as possible in the coalition. Nevertheless, I would like to see the share of each partner in the effort preliminary to the making of decisions to become more evident in the future. I think, for instance, the way in which we subjected the question of pregnancy consultation to controversial debate illustrates what I mean.

SPIEGEL: If you are elected, you will have to compete with pros like Kohl and a pugnacious man like Strauss. Doesn't that scare you?

Adam-Schwaetzer: I have taken part in numerous coalition negotiations. I know the game there. And I definitely think I have what it takes to make my views prevail. Personally, I think it is vital, in addition to what has been discussed, for some very important items to be taken care of in this parliamentary term. They include, for instance, a liberal law concerning aliens and coalition agreements on the protection of data and the environment.

SPIEGEL: Your rival Graf Lambsdorff says he will forgo being part of the Cabinet in the event he is elected. Will you do the same?

Adam-Schwaetzer: There is quite broad agreement in the party that we want to keep our positions in the Cabinet. Who is to occupy them is not our concern at present.

SPIEGEL: Yet Helmut Haussmann has already put in for succeeding Martin Bangemann as economics minister.

Adam-Schwaetzer: There is no doubt but that Helmut Haussmann is a certified economic expert and that he was fully entitled to announce his claim to this post. I support that.

SPIEGEL: Don't you want to become economics minister?

Adam-Schwaetzer: That is not something I worry about now.

SPIEGEL: We would like to know whether, like Lambsdorff, you are satisfied with the chairmanship without becoming a member of the Cabinet.

Adam-Schwaetzer: I certainly will not go in for a configuration which a priori fails to provide insufficient opportunities for making one's point of view prevail. I know you always want to have statements that are quite unambiguous. You won't get those now. No decision will be made until after our party congress in the fall.

SPIEGEL: You want to represent the party throughout its spectrum, but in the opinion of many people in the party you are—just like Lambsdorff—a liberal in economics

Adam-Schwaetzer: I think it is vital for us also to provide room for other issues in the party and in government policy.

SPIEGEL: Abandonment of nuclear energy is a highly symbolic issue. So far the FDP has rather represented the interests of the industry.

Adam-Schwaetzer: We have all come to realize one thing, and not only during the nuclear energy debate: We can no longer proceed without taking the requirements of nature, of the environment, into consideration. That means that, as far as Liberals are concerned, it is no longer possible to conduct an economic policy without this ecological accommodation. This orientation has already become more evident in this coalition than it was in the old one.

SPIEGEL: At that time the fact that your rival Lambsdorff was economics minister was the main obstacle....

Adam-Schwaetzer: ...and Helmut Schmidt was chancellor. I think the FDP in Wuerzburg a short time ago came up with some very good resolutions concerning alternative energies—which now only remain to be implemented.

SPIEGEL: You know what the difficulty is? Again an FDP economics minister.

Adam-Schwaetzer: I do not at all dispute the fact that there are still some differences between the party base and a certain portion of the party leadership.

SPIEGEL: After billions in tax funds have been poured into the Kalkar fast breeder, it is still not possible to see the end of it. Can this continue to be justified?

Adam-Schwaetzer: As far as I am concerned, the question of the breeder is a question of safety.

SPIEGEL: Is the taxpayer to pay for this dispute concerning safety? Or does the industry have to demonstrate its interest through remittances?

Adam-Schwaetzer: If the breeder makes any sense at all, it is as a kind of research-demonstration asset.

SPIEGEL: The FDP decides that nuclear energy is a transitional technology. So why is it necessary for the breeder technology research, which is not to be utilized commercially, to be financed by government funds forevermore?

Adam-Schwaetzer: The fact is that we cannot put off any longer a decision about the further funding of the breeder. Nor am I swayed by the well-known research policy arguments that have been put forward. I therefore think that henceforth the power companies will have to pay if the breeder is so important to them. If the industry is not interested either any longer, it just won't go to the grid. And then the Wackersdorf reprocessing plant does not make any sense either any longer.

SPIEGEL: Another example: In domestic and judicial policy, a couple of FDP soloists have been performing prominently—Gerhart Baum and Burkhard Hirsch. Can they count on your support in the near future?

Adam-Schwaetzer: In Parliament, these two have always enjoyed my support. But I do see that, what with the new task, this support will also have to manifest itself more strongly in public.

SPIEGEL: From among their own party rank and file, they have heard the reproach that they have a deterrent impact on the electorate.

Adam-Schwaetzer: I have never shared that impression. There was a demand that one should see to it at long last that they no longer have a say in the party. I found that demand intolerable. An open society, as I understand it, is irreconcilable with repressive laws. This kind of liberal society is what these two stand for. They represent the traditional FDP voters. Therefore, they are absolutely indispensable.

SPIEGEL: At the party congress in Mannheim, though, you pleaded along with a majority for a controversial ban on hoods.

Adam-Schwaetzer: I continued to consider that a highly problematical question. We have to assume that the decision also meant a great deal as far as Martin Bangemann personally was concerned. And loyalty played a part in my decision.

SPIEGEL: You voted contrary to your conviction?

Adam-Schwaetzer: However you may be interpreting it now, I said both beforehand and afterwards that I thought it would have been better for the FDP not to have passed a resolution for a ban on hoods. We still don't have a law on it. The issue has disappeared. But I sense that a very bad taste has been left in the mouths of many party people.

SPIEGEL: At one time the FDP also was traditionally the party of human rights. Yet the Liberals cannot be mobilized to oppose the racial policy of South Africa—because of the resistance of the industrial lobby.

Adam-Schwaetzer: The debate about South Africa in the party is definitely not measured by these criteria. The question is what sense sanctions make and what they can accomplish.

SPIEGEL: On the face of it, yes; but many of the people in your party primarily have the export interests of German industry in mind.

Adam-Schwaetzer: Personally I hold a different view. We must not allow the government in South Africa to be secure in the belief that it need not fear any sanctions regardless of what it does. In that regard, I share the view of the federal president and the foreign minister. We must exercise pressure and also must be prepared to go through with sanctions if the death sentences against the Sharpeville Six should be carried out.

SPIEGEL: As for the pregnancy-counseling law, the CDU party congress confirmed the Bavarians' line. These definitely do not want to abandon their own strict practice of keeping diagnosis and interruption separate, both as to place and as to personnel. Is the FDP now capitulating?

Adam-Schwaetzer: That was precisely one of the key points in the coalition negotiations. The CDU came up with the demand for a consultation law, and we demanded that such a law should then apply uniformly throughout the republic. Mr Stoiber realized that this would mean abandoning the Bavarian practice. Perhaps he thought that whatever he would not be able to prevail with in the negotiations he would make up later. That won't work.

SPIEGEL: So there is no room for compromise as far as the FDP is concerned?

Adam-Schwaetzer: I see no reason at all why we should deviate from the coalition agreement, which was difficult to arrive at as it is.

SPIEGEL: Some of your opponents say maliciously that Mrs Adam-Schwaetzer had not noticed that she was a woman until she ran for the chairmanship.

Adam-Schwaetzer: It really is incredible what people will think of! I have always been a woman. And that is really all I can say about that.

SPIEGEL: What is meant is that for a start you got to the top by adapting to a male society—with the same methods and the same mentality.

Adam-Schwaetzer: I don't think that my way of engaging in politics has changed. Nor do I feel (and some people may regret that) that I have become an uncompromising feminist.

SPIEGEL: Have you sometimes wondered whether you might be able to attain your objectives better in a coalition with the SPD?

Adam-Schwaetzer: I am truly open to coalitions. There are also many quite interesting discussions—for instance, connected with the name Lafontaine. But when I think just of the discussed problems of medium-term fiscal planning I see no alternative to the present coalition, even if it should and will be in a position to solve the problems only with great effort.

SPIEGEL: Your rival Lambsdorff, as he says himself, is worlds apart from the SPD.

Adam-Schwaetzer: I think that is a statement which at some time or other can also be taken back again.

SPIEGEL: Thank you for this interview, Mrs Adam-Schwaetzer.

08790/09599

FINLAND

Rival CP Party Papers on SKDL, Mainline CP Leadership Changes

Kakela on SKDL's Direction

36170083 *Helsinki KANSAN UUTiset* in Finnish
23 May 88 p 3

[Text] A movement toward renewal took place at the SKDL meeting, opined Reijo Kakela at his first press conference as the chairman of the SKDL, late yesterday afternoon in Turku.

Kakela said that the process is difficult and will not occur quickly, but it will take place decisively. According to the chairman, the choices made at the meeting also mean the strengthening of SKDL's independence in relation to the Finnish Communist Party [SKP]. That is not necessarily negative, according to Kakela, even from the point of view of the SKP.

He reminded us that information would be exchanged between SKDL and its member organizations in the future as well. On the basis of a decision made at the coalition meeting, the chairmen or the general secretaries of SKP and the other member organizations will take part in the meetings of the coalition government.

Kakela, who was a member of the SKP Politburo which just resigned, no longer wishes to belong to a political committee as the chairman of SKDL. Kakela promised to confirm his departure from the committee with an additional letter.

Smoking the Peace Pipe With the Union

Kakela also commented on the conflicts that took place during the meeting itself of the SKDL and the trade unions and on those that will develop in the future. He said that an agreement had been reached with the secretary of the Central Federation of Finnish Trade Unions [SAK], Pekka Ahmavaara and that the time had come to smoke the peace pipe. Ahmavaara was an SKDL member in an earlier coalition government, and supported the choice of Claes Anderson as a chairman.

During his final turn to speak at the meeting Kakela admitted that he might have angered the trade unionists. Kakela noted that he had not recognized the plurality of the trade union movement in public enough. Trade union activity, which the People's Democratic unionists do unselfishly, is a central part of the Left's political and economic struggle. The workers' experience of society has been the central foundation of the struggle, said Kakela.

He reminded us that no one person has a monopoly on truth; neither the Helsinki intellectuals, nor the trade unionists. The task is to unite the thoughts and actions of the Left.

"I Listened Humbly to the Criticism"

"It is true that I am an abrasive man," is how Kakela began his final turn of speech. Pekka Aalto, in turn, characterized Kakela as "an unusually nasty man." Aalto, however thanked Kakela for putting himself up for public evaluation.

"I have humbly listened to the criticism directed at me and plan to learn from it. However, I will not become a plastic doll," the new chairman noted.

Kakela said that only some of the criticism hurt him, but that he carried no bitterness. "What is past is past and no one is without faults."

The SKDL movement is now more pluralistic than formerly and the old division into communists, social democrats and other leftists has blurred, according to the chairman. This multiplicity of voices is irrevocable.

The task is to unite the multitude of voices, said Kakela. "But we have a strong united will for changing our country and the world. In a strong leftist coalition both critical intelligence and the motivation to act are united.

The leftist coalition can be created only if we also change.

Basic Income as Primary Goal

In his final speech Kakela defined 14 factors that unite the movement.

The first, he said, is ethical sensitivity. Acting on behalf of the less fortunate is the key to our politics. This is why we took as our chief objective the realization of guaranteed income.

The second objective is the struggle for human freedom. Now people are slaves to the demands of economy. We want an end to paternalism and give the people the right to direct their own lives.

The third uniting factor mentioned by Kakela is concern over the future of mankind; the world is becoming more unpredictable, nature is declining and the world's hunger is shocking.

The fourth concern is understanding the essence of civilization and culture. It also means the introduction of creativity and freedom into one's work. The development of technology also lays a foundation for it; Kakela demands that it be used for making human life easier.

SKDL Secretary Backs Diversity

36170083 Helsinki KANSAN UUTiset in Finnish
23 May 88 p 3

[Article by Juha Parssinen]

[Text] "It must certainly be difficult to function as secretary general of the SKDL, but at the same time challenging. But after my unanimous choice it is relatively easy for me to step into this position."

"I will try to develop the SKDL so that the movement will be able to tolerate differing opinions and be capable of open discussion. I hope to be able to further the development of SKDL's reconstruction and to broaden it with my own contribution," says Salme Kandolin, the new SKDL secretary and Reijo Kakela's sidekick at the helm of the league for a 3 year term beginning last weekend.

The name of Salme Kandolin (40) was mentioned for the first time as a possibility for the secretary's position already at Eastertime due to the initiative of SKDL and the district of Central Finland. Other districts also made inquiries after this, but until the eve of the League's meeting Kandolin's name remained as only one among many other possibilities. Kandolin is coming to the leadership of SKDL from national obscurity. Kandolin, who was born in North Karelia, has worked for the last 7 years as a secretary of a parliamentary committee. She is a trained political scientist.

"I am one of the '60's students from Tampere. That was a wonderful time and that is probably where all my political knowledge comes from. North Karelia was quite an inactive environment in that regard."

Kandolin belongs to the SKDL socialist executive committee and to the Helsinki social democratic organization. She is also a member of the Lauttasaari SKDL

organization and the socialist lawyer's association. Before entering parliamentary, she had worked as a teacher at the Tampere University and at the legislative section of the Ministry of Justice.

Although Kandolin is not more widely known, she is a key figure in national politics due to her committee work experience. Reijo Kakela did not get a mere novice in Turku as his partner at the head of the reforming SKDL.

"There Was Much Hesitation"

"I have been in the parliament for 7 years and it began to feel as if I should now begin to do something else. I did not think then that politics would enter into the question, but I rather sought a solution within the framework of the official association."

Kandolin ran into the possibility that has now become a reality for the first time when the district associations inquired about his willingness to serve. "There was much doubt and hesitation. My first reaction was negative, but then requests began to come from elsewhere as well. When I was asked about this from many directions I gradually got used to the idea."

The solution was not easy. Kandolin had time already to refuse the candidacy on Friday. "I am a single parent and have a mortgaged home. One thought I had was that I would agree on the condition that I would get the same salary as in my present position. This was determined to be impossible at the coalition electoral committee meeting and I decided then that one had to proceed differently in the matter."

The committee pondered the matter, suggested different names and possibilities to the representatives, but none of them received sufficient support among the members at the SKDL meeting. Kandolin's name remained stubbornly on the forefront receiving broad support.

"I withdrew into solitude to ponder the matter. The result of those ponderings was that from the moral point of view I must be available to serve. I decided that I must arrange my life in a different manner," Kandolin summarized her reasons for the difficult choice.

Unity a Good Thing

Kandolin was chosen to her new position unanimously, as Mirja Ylitalo withdrew her candidacy giving her unambiguous support to Kandolin. "After this unanimous decision I found it easy to begin confronting the coming challenges as the general secretary of the SKDL.

The essence of the general secretary's job is directing the organization of everyday functions. "I plan to increase the efficiency of the organizational activities and to find new ways of expressing them."

Reijo Kakela, as chairman, indicates the main political directions of the movement, that is his task, and that makes for a division of labor. But I do think that the general secretary must also have clear political concepts and goals about in which direction the movement should be led. In one way it is a two-way role," Kandolin ponders.

Movement Must Tolerate Differences

Kandolin will be developing the SKDL during a period of considerable change. "I will attempt to advance the continued renewal of the movement and to broaden its base. SKDL is now in a good position, and I hope to be able to develop the League in the direction that it will be able to tolerate different opinions and take part in open discussion."

Kandolin knows her colleague already from her position as a functionary in the ministry of justice. "We get along well; this can be said on the basis of 15 years of experience. Reijo is the kind of political thinker that the chairman should be; one who creates new vistas, develops activities and motivates people.

Kandolin has not had time to refine her ideas about what kind of organization the SKDL should become. "We still have to think about it, but for example the model presented by Jan-Otto Anderson merits consideration. As to changing SKDL's name to Leftist League I have no opinion at this time.

The SKDL's next league meeting will be held within less than 2 months of the 1991 parliamentary elections. SKDL may, in those elections, get as many as 25-30 representatives; in any case more than 20," Kandolin maps her program goals.

Departing Chairman Aalto Comments

36170083 Helsinki KANSAN UUTISET in Finnish
24 May 88 p 7

[Interview with Arvo Aalto by Juha Parssinen]

[Text] SKP chairman, Arvo Aalto, surprisingly announced already Monday that he will not seek the party chairmanship when the Central Committee meets to choose new leadership for the party during the weekend at Tampere.

"I had made this decision already a week and a half ago, the day following the decision of the policy committee to resign. When I deviated from my original decision to not announce my departure until the meeting of the Central Committee, some people began to exploit my political legacy; and these games took on a life of their own," said Arvo Aalto during the interview he granted to the Democratic Press news service.

Arvo Aalto looked clearly relieved as he sat behind his work desk on Monday afternoon. He looked downward at the table to remember what it looks like. Aalto will not be looking at the table much longer.

[Question] When did you make the personal decision that you would no longer be available as the chairman of the SKP?

[Answer] I made the decision the day after the policy committee decided to resign.

[Question] The first radio news broadcast had already speculated that your announcement was influenced by both Reijo Kakela's choice Sunday as the chairman of the SKDL and that SKDL would no longer chose the SKP chairman to serve on the SKDL Executive Committee.

[Answer] I made this decision already earlier. Neither of the matters you mentioned had anything to do with my decision.

[Question] Would your decision have been different if, for example, Claes Anderson had been chosen as the SKDL chairman?

[Answer] There was no such possibility.

The Game Was Tiring

[Question] How difficult was it for you personally to follow the game that was played in regard to dividing up your legacy, even before you had reached your decision? You mentioned in the press release you put out that the leadership which resorts to worthless games can not guarantee the advancement of the party.

[Answer] Well, it had just enough influence to speed up my notification. If the game had not existed, I would have given this notice, according to my original plan, only at the Central Committee meeting.

[Question] Is it really true that the most important function of the Central Committee is the choice of party leadership?

[Answer] Without doubt it is.

[Question] What about the economy; what significance does it have?

[Answer] The party has had a great loss, but not so great that it would swing or sway this party. By nature it is a second rate matter compared to the choice of leadership.

[Question] Would you expect Esko Vainionpaa to resign also from his position as the general secretary of the party?

[Answer] I, at least, am not expressing any such hopes.

Aalto Will Not Reveal His Opinion of New Leadership

[Question] You note in your announcement that the party leadership, as it is presently constituted, is unable to carry out its tasks. Likewise, that the choice of the new leadership must be aimed at strengthening the trust of both the old and the new members of the laboring classes in the Communist Party. Are you ready to tell whom you will support for the new chairman of the SKP?

[Answer] I do not wish to say it.

[Question] Jarmo Wahlstrom and Mirja Ylitalo have been much in the forefront in the media.

[Answer] I have not heard anything of the latter, but Jarmo has been in the public eye. But I will not say anything yet about this.

[Question] Will the policy committee have to do major house-cleaning; how many of the old are fit for the new?

[Answer] It is essential that the party has an active leadership, by which I mean an active committee.

Others Rejoice

"It is generally thus that when one has to make difficult decisions by oneself, making them is really uncomfortable. I did feel a few butterflies in my stomach as I tried to explain this and that to myself, but when I reached the decision I felt somehow relieved. Now I feel much easier," muses Aalto.

Aalto believes that the members of the Central Committee will receive the final resignation notice in two ways. "That segment which has been arranging for my resignation will, of course, be happy about the news. Others will, no doubt, be somewhat puzzled."

Aalto, however, believes the Central Committee is capable of choosing good leadership for the SKP. "The Central Committee can not escape that task in any way. It will be decided during the weekend; I don't believe it can be postponed."

New Leadership Has Fundamental Significance for SKP Future

[Question] How soon before the SKDL will be on its feet again after this already 3-week-old crisis?

[Answer] If one can generalize from the much more difficult economic scandals of other parties, one might conclude that the political effect of this economic matter will pass very quickly. The new leadership will influence significantly the future development of SKP. My faith is not easily restored.

[Question] What will be the relationship of the SKP and the SKDL after the coming weekend?

[Answer] The SKDL's activity toward building a leftist coalition coincides with my ideas on all essential points. The issue, in my opinion, has been approached very wisely. This process arouses interest not only among the cultured, but especially among the youth, which is extremely important and significant for the SKDL movement.

[Question] But instead, in its early phases, this process includes much hesitation on the part of the traditional workers and functionaries. The SKP must now orient its activities so that they, who would look askance at the SKDL renewal, would see in the SKP a trustworthy force seriously pursuing the values of the labor movement.

[Answer] So the future chairman of the SKP must not have any obligations among traditional labor circles, and the new leader's relationship to the SKDL must also be in good shape.

[Question] The SKP's choice of leadership will have significance for everybody and not for the party alone. This movement has the history of a serious political party. It has always shouldered its responsibility; it has always considered more than the immediate advantage. Still the working people have seen the SKP as a defender of everyday advantages as well. This image should now be made clear again after a time of being tarnished and that is where the chairman comes in. It is the most important ingredient in the life of the SKP.

[Answer] It is an old adage that states that one is wise to strive from one's own roots.

Is Aalto's Departure Unifying?

[Question] As a result of the loss of its credibility, the party has been quarreling for 20 years. Slight attempts at unification may be noted. You yourself have 'opened the door' to all individual minority organizations that seceded from the SKP. But perhaps your personality, your being, have been an obstacle that has prevented the awakening of any greater enthusiasm for your offer. Will anything change now?

[Answer] It is clear that the opinions according to which the devil Aalto is the root and end of all evil have been long and strongly developed in the TIEDONANTAJA circles. That opinion has been rooted deeply. But it would be in the best interests of SKP that the undoubted advantages gained by my departure should be used in subsequently to get honest communists back into SKP activities.

[Question] And you, what do you plan to do now after resigning from SKP leadership?

[Answer] Since the summer vacation is now ahead of us I plan to get some fresh air. Then a lot will depend on who will be chosen as the new leadership for the SKP. I

would speak with them about whether it would be good to perform certain party tasks or not and at what time. I have no concrete plans, but no great rush either.

Newspaper: Departure 'Unavoidable Tragedy'
36170083 Helsinki KANSAN UUTiset in Finnish
24 May 88 p 2

[Editorial]

[Text] Chairman Aalto's resignation announcement was natural and unavoidable after all that had happened last week in the SKP and in the entire SKDL movement.

Aalto himself opined in his resignation address that the party leadership as currently constituted is incapable of handling its affairs. The judgment was undoubtedly correct. The crisis that has burst has revealed the trust and solidarity between the members of the leadership to be so slight that the Policy Committee truly cannot lead the party responsibility and collectively.

The chairman and the general secretary carry a greater responsibility for the financial mess than others. It is thus natural that their positions were the first to be weighed. It is the merciless law of politics.

From the human point of view, Aalto's fate is tragic. Aalto has been and still is a political leader who is head and shoulders above the rest in the entire SKDL. He is a man, who after steering the party's internal conflicts from dangerous shoals to clear waters, himself runs aground on the reefs formed by economic matters because of his trusting nature. The career of the last proletarian party leader would have deserved a more honorable ending.

The demanding task of the Central Committee next weekend is to choose a new leadership for the SKP, which is capable of recovering the badly wounded trust in the SKP and the entire SKDL movement.

Stalinist Paper Comments on SKDL
36170083 Helsinki TIEDONANTAJA in Finnish
24 May 88 p 2

[Editorial]

[Text] The SKDL coalition meeting in Turku was a disappointment to many of its participants because a merciless struggle for power stole the show and no trace of the "new political culture" could be detected.

The new political direction of the SKDL did not take shape, unless one considers the still green ideas about the formation of a leftist league or suggestions for guaranteed income.

But it would be closing one's eyes to what happened if one were to argue that the coalition meeting did not create a new situation, at least in the SKDL. The choice

of Reijo Kakela as a chairman felled not only Esko Helle, but also chairman Arvo Aalto, who had waged a desperate defensive struggle. For this reason the situation also concerns the SKP.

This was the most important effect of the SKDL meeting and, when we remember Aalto's role in splintering the SKP and the SKDL movement, it must be greeted as a positive development.

On the other hand, one cannot yet draw too many far reaching conclusions about the depth of the changes or their ultimate direction. The drawing of the battle lines was still unclear at the Turku meeting. Kakela was raised into a leadership position by those seeking reform and collective action, but one should also not dismiss the fact that at the same time he had the support of many Stalinists behind him.

One of Kakela's main objectives will be to grasp the reins firmly, not only in the SKDL, but also in the SKP. At the same time he has to decide about the kind of relationship he wishes to have toward the SKDL labor wing, municipal bureaucracy and the SKDL socialists. The tasks is not easy as the power struggle culminating in the Executive Committee coalition meeting inflicted deep wounds even among former friends. But after seeing the determined attitude of the last few months, it would not be surprising if the new leadership would not also go on the offensive in these sectors.

The internal struggle will continue and probably as a result some of the stalwarts from the SKDL will step aside or move into the SKP's sphere.

The relationship of SKDL and the Devas was not a major issue in Turku. It was unfortunate that old divisions were left in force and no serious discussion took place about unification. Cooperation with the Devas in regard to elections was rejected once again.

Kakela also rejected an election coalition with the Devas at a press conference held in Turku, nor did the new secretary general, Salme Kondolin, wish to express an opinion about the matter. However, now would be the time for another kind of show; the splintering of the Left literally cries out for cooperation, not only in municipal elections, but on a broader scale as well.

What is needed is unprejudiced debate, discussion and common meetings. All communists, the SKDL supporters, and Devas should express their readiness for it and not stare into the past.

The debate over the leftist league and other interesting questions should be continued, among others, at the events arranged in conjunction with the Red August celebration planned for Turku.

Aalto's 'Dead End'

36170083 Helsinki *TIEDANANTAJA* in Finnish
24 May 88 p 2

[Editorial]

[Text] Markus Kainulainen had hardly had time with his supporters to found the "Communist Labor Party," ostensibly as a counterpart to the SKP's (unification) efforts "to return to Aalto's embrace," when Arvo Aalto announced that he was going to vacate his position as a leader of the SKP. Reality is making a mockery of events at the expense of those who had repudiated cooperation.

Hardly anyone, however, would have known to predict such a quick end to Aalto's royal road. Had he not just gotten clear of those not following his line and consolidated his position by destroying the SKP. The image of his organizational strength was already acquiring mythical features.

In addition, the election successes of the SKDL and the SKP, such as they were, coupled with the difficulties of the defenders of unification, seemed to be promising support for talk about a "renaissance" following the dissolution.

The most obvious explanation for Aalto's resignation is that the just revealed placement scandal made his position untenable. Aalto was politically primarily responsible for the venture which had dragged SKP into the mud and caused it much greater losses than had been reported publicly.

Without the scandal Aalto would probably be sitting peacefully in his place. Yet it is clear that the separation within the so-called Aalto clique has earlier roots and that the anti-Aalto uprising among Aalto's former trusted lieutenants had been under way for some time. The scandal was an opportunity and at the same time an escape route that could not be left unused. It provided a solution first for the SKDL chairman game and then for the SKP.

There were many reasons for the divisions that took place within the Aalto clique. Already years ago it was predicted that the logic of dissolution and liquidation would lead to the situation that when the defenders of unified SKP had been removed, new conflicts would arise leading to the formation of new mutually warring factions.

But it was the disappointment and the dissatisfaction of the SKP supporters with the ideological political drift of the Aalto clique toward social democracy and with the entire condition of the worker's movement, as well as their anxiety over the results of dissolution and their desire for unification.

On a higher level, those that took part in Aaito's removal saw it as a necessary reaction to the feelings of the people. However, they are unlikely to conduct any re-evaluations of party ideology and the dissolution, unless the people write to demand it in a much more determined fashion than today.

/12223

GREECE

Alleged Plot for Center-Right 'Cooperation' Government

35210131 Athens TO VIMA in Greek 17 Jul 88 pp 2, 3

[Text] A political plot is under way designed to break up PASOK and promote a Center-Right "cooperation" government after the election (with part of PASOK and ND, or at least with one of PASOK's sections). The plot is promoted by people who want to create conditions which will facilitate a "political consensus" while in reality it will serve certain economic interests and permanently eliminate the threat of prosecution against persons accused of very serious economic crimes!

In order to promote their designs, these persons will try to persuade, first of all, Andreas Papandreu that his political role far exceeds that of the premier and for this reason he should pave the way for his elevation to the presidency of the Republic. For this reason—they tell him—he must acquire the image of an above-party leader.

According to their theory, "the hour for a historic compromise has arrived for Greece" and the "hatred must be stopped so the country can go forward.

The most varied persons have been mobilized in the service of this plot and large sums of money have been spent. At the same time, all pro-government newspapers are being undermined (and it will intensify) while contacts between PASOK personalities and leaders of the other side (one of the "liaisons" is Pireaus Mayor Andreas Andrianopoulos who "is under their control for special reasons") are being promoted. Finally, part of the plan is to push aside those persons in PASOK who could resist the plot.

Certain specific individuals of the known underground power form the "iron fist" of the plot. They are eager to (try to) persuade Papandreu that their Plan is the ONLY solution, despite the fact that Papandreu would never agree to cooperate with Mitsotakis or with other leaders of the Right.

More specifically, according to reliable information obtained by TO VIMA:

—The persons: The plot's braintrust includes persons who never joined PASOK (not even after 1981), but who like to claim "they are Papandreu's supporters" and the

like. Even when they do not belong to the ranks of the underground, they are cooperating with it and belong to the "new, powerful families." One of the first "stars" is a notorious person allegedly involved in much-discussed corrupt practices related to the procurement of military equipment.

According to certain indications, this person is the number one liaison with the... "ex-Ph.D." G. Koskotas who has expressed his interest in participating in this Plan. It is rumored that when he learned about the Plan—in the corridors of the underground where he loiters—he said he could help either financially (bribing people, etc.) or by using the ND newspapers he controls. Of course, Koskotas is not taken seriously (because his newspapers no longer influence the ND voters), but he is considered useful "at least as long as he continued to exist."

—The means: Considerable sums of money are available to the Plan. It should be noted that funds spent by "Doctor" Koskotas for his notorious projects are nothing compared to the money at the disposal of the conspirators. "Koskotas is just a small wheel," a big industrialist (traditional, old money with international connections) presumably said during a discussion.

In the 1950's, as is often said, the industrialists supported the Right. In the same way today tremendous sums are being spent; much bigger as they are being supplemented with "hot" money (from "commissions" and corrupt deals...). This is big game. "For 50 years at least we will reign supreme in Greece," the conspirators boast, adding, "we will be assisted in this by the Allies because we will assure the country's stability."

—The strategy: The Plan calls for neutralization of all persons who could find out about it and inform the premier in time or could have the power to block the Plan. Journalists and newspapers belonging to the first category will be the first target.

For this reason a war is being waged lately against all newspaper publishers because of the Koskotas scandal. While the Koskotas problem is not related to his publishing activities (misappropriation of banking deposits), an effort is being made to create the impression that newspaper publishers are involved in a feud in order to embarrass all newspapers.

Everyone knows that the Koskotas problem is anything but journalistic. In this case the question is the one officially raised by the governors of the Bank of Greece and efforts of the underground to protect Koskotas from prosecution for crimes which would have sent to jail any bank employee (for example, the false statement to the Greek embassy in Washington).

Another aspect is the scandal concerning the "Aegean enterprise" or plundering of the Central Service for the Division of Domestic Products by falsifying identities (it

is not known whether Koskotas' wife collected the money by using her maiden name and an I.D. card manufactured by her husband, an expert forger and a friend of Louvaris).

The Koskotas case is of interest to those whom he now helps in various ways—but whom he will certainly destroy at some time. No newspaper publisher is interested in a publishing enterprise which is doomed because of poor circulation of its newspapers and magazines.

It is worth noting that all pro-government newspapers (and only they) are being systematically attacked and that an effort is being made to trap the government and cause a conflict which will permanently break up the relationship. In effect, they are trying to weaken PASOK itself, which in addition to having the support of the majority, has the overwhelming majority of newspapers (in terms of readership the difference is very striking).

The conspirators believe such a break up will help their post-election plans, since (as they hope) there will be no voices able to denounce and prevent the entrapment of PASOK by conservatives, and of the public treasury by the insatiable partners and collaborators of the underground. Of course, they think PASOK will allow a "broadening" and adulteration of its democratic principles.

—The bridges: In promoting the Plan, personalities from both parties, portrayed as "conciliatory," are being used. In reality these are persons who for a variety of reasons agree to serve the plans of both the "old" and "new" families. There are several illustrations, most notably that of Piraeus Mayor A. Andrianopoulos who, while claiming to be a warm Mitsotakis supporter, appears to be a most ardent servant of the Plan's economic "brains."

At this point "Doctor" Koskotas steps in again: It is rumored that in his discussions with representatives of the underground, he promised to deliver 12 ND deputies (if they are needed to form the necessary "majority for election of the President"). Koskotas claims he is financing and controlling these deputies. He also promised the conspirators that he can secure either the cooperation or indulgence of certain PASOK personalities, directly or indirectly financed by him.

It is rumored that a Koskotas associate and his entire family engage in activities aimed at getting in contact with PASOK personalities, while the familiar tactic of forming partnerships with other relatives (sons and nephews) or "traditional" ministers is being pursued. (In the context of these efforts is also the continuous operation of creating the impression that presumably they are friends of George A. Papandreou.) A top PASOK traditional personality is credited with the phrase, "they try to find out what function George will be attending so they can crash the party."

The obstacles: The conspirators know that in PASOK there are top personalities with steadfast principles (as is the case also with the overwhelming majority of voters) who are very close to A. Papandreou and who could help uncover the conspiracy (which, as we mentioned, would serve economic interests and save the middlemen and pilferers of the public treasury from prosecution who are trying to break up PASOK).

Such personalities are Chamber of Deputies Speaker Giannis Alevras, Minister of Labor G. Gennimatas, and other prominent PASOK men who, although they happened to direct the country's economy, never gave cause to be accused of even a mistaken direction of the economy (good examples are Kostas Simitis and Apostolos Lazaris who remain faithful PASOK soldiers in spite of efforts of the underground to push them to leave PASOK).

The conspirators consider Deputy Premier Menios Koutsogiorgas as the main obstacle to their plans because of his steadfast anti-Right position. But they figure if they can achieve the maximum (namely, to avoid being thrown out by A. Papandreou and rejected by political life as useless garbage of public life) then they will also be able to face up to Koutsogiorgas, who—if he counters their efforts—will be accused of being motivated by personal ambition and a wish to overthrow the present order in PASOK so he can take over.

Of course, the Plan is coming up against other factors which are being overlooked by middlemen, so-called managers, wheeler dealers, and shadowy figures of the underground. Such factors are the PASOK cadres who daily fight in the front lines and are not willing to accept public criticism not because of the inevitable difficulties of governing but because of scandals and squandering of the public treasury.

Finally, it should be noted that the plotters base their expectations for success of the Plan on the chances they think they have to disinform the premier and disorient public opinion.

07520/09599

ITALY

PCI's Iotti in Favor of Eliminating Senate
35280158 Rome LA REPUBBLICA in Italian
8 Jun 88 p 6

[Text] Nilde Iotti is fighting back. On the eve of the startup of talks at Palazzo Madama, the President of the Chamber was answering her critics, insisting on the proposal to transform the Senate into a "Chamber of the Regions," explaining that if it were really possible to make the existing Senate work better, then the talk about institutional reforms would make no sense, and saying that she was "surprised" by the fact that her strongest critics were the Republicans: "I thought that precisely

because of the direction of the thinking expressed by the PRI in Italy," she said, "I expected to find the greatest sensitivity and the strongest support for a proposal that would heighten, at the seat of political power, the concerns of local administrations." But the dispute does not seem to be destined to run out of steam, and while the PRI group leader at Montecitorio was replying directly to the President of the Chamber, Giovanni Spadolini picked precisely yesterday to announce that "the bicameral approach should be retained."

To clarify the importance of her proposal, Nilde Iotti chose the Regional Council of Tuscany, which was meeting to celebrate the 40th anniversary of the Constitution. The objective, she reiterated, is to go beyond "simple bicameralism," and, instead, to separate the functions of the two branches of the Parliament, one Chamber having policy-setting and oversight powers as well as full legislative powers, and another, "of the regions and the autonomous entities," having the power to contribute to the creation of budgetary laws and those laws that concern local entities' authorities and functions.

Iotti was put off balance by the negative reaction to her idea, which makes a significant correction in the PCI's approach. The PCI favors the pure and simple elimination of the Senate. Iotti said that she "understands the spirit and intentions" of the objections: "I won't go so far as to agree with the critics," she said, "because it seems to me that they are close-minded, not only with respect to preserving the Senate with just a few adjustments, but also with regard to a method of making deals between political parties and forces that are yet to come and under which they would certainly like to operate in an atmosphere that is full of proposals and hypotheses and not predetermined solutions. If the path of the reforms lay in making the current Senate work, we would already have succeeded in following it."

The President of the Senate took an entirely different approach in the introduction to the little book that summarized the speeches on the question of institutions given in the Senate on 18 and 19 May 1988. Spadolini writes that "beyond the initial preferences" the bicameral approach that was intended by the drafters of the Constitution should be retained. According to the President of the Senate ("and the speeches by the Communist group notably attest to this," noted Spadolini), the confrontation at Palazzo Madama gave rise to "total agreement to seek out the modifications we all hope for to rationalize the two Chambers and their work while respecting their roles." This would come to be without making it possible "for one branch of the Parliament to sit in judgment of the other."

Spadolini goes on to say that the floor was finally given to the two chambers, which are interested "for the same purpose" in the discussion: but the majority cannot be

denied the "right" to make its own choices autonomously "even though in this area it should be the overwhelming consensus of all political forces."

Antonio Del Pennino's reply to Nilde Iotti was much shorter. The Republican group leader in the Chamber said he did not understand the "surprise" of the President of the Chamber, and that he felt it unnecessary "to upset the fathers of republican thinking." "The article in VOCE," he added, "merely restated, as we should reaffirm today as well, that the proposal for a radical change in our bicameral system would risk returning to uncharted waters the basic understandings that have been reached among political forces. This is what the Republicans want to avoid, since they are aware of the fact," he concluded, "that every obstacle placed in the way of reform would be translated as a loss of credibility by the political forces and, in the end, the institutions themselves."

These are the first signs of a rough confrontation, that the Senate is taking up again today when it considers the nine provisions proposed for the amendment of the regulations (which have been sent to the appropriate committee to be worked on) and the seven conceptual frameworks for a constitutional law relating to reform of the Parliament, which will be discussed in the Constitutional Affairs Committee. In many cases, the proposals to be worked on vary greatly. The DC, [Christian Democratic Party] for example, is looking toward, among other things, introducing the "silent approval" method in the Parliament, to reduce as far as possible the cases of "double reading" of the same bill. The communist proposal is more radical than the "de facto monocameralism" of the DC. It calls for elimination of the Senate and reduction of the number of members of Parliament to 420 from the current 954. Among other innovations, the PCI is proposing the possibility of being elected as a Deputy at the age of 21 rather than the current limit of 25, stricter limits on issuance of emergency decrees and introduction of an ombudsman to protect the rights of the citizens.

Those who are still anchored in bicameralism are supporting the idea of very strict separation of the tasks of the two chambers. The neofascists want the representatives of the different categories to be included as part of the Senate; the SVP (Southern Tyrol People's Party) wants a "Chamber of the Regions" to be established; Gianfranco Pasquino, a leftist independent, wants one of the chambers to be concerned exclusively with institutional, foreign and defense policies, and the other chamber to be concerned with everything else.

13331

PCI Begins Analysis of Local Election Fiasco
35280150 Rome L'ESPRESSO in Italian
12 Jun 88 pp 9-11

[Article by Guido Quaranta]

[Text] "If we go on at this rate, we will take another beating in the European elections next year, we will be

thrashed again in the administrative elections in 1990, and we will shrink like the Republican Party in the following political elections." The Communist deputy from Livorno Edda Fagni has been upset and furious since the shock of her party's new electoral defeat. But she is not the only one. Her colleague Antonio Bellocchio, elected in Caserta, laments, "In addition to our capital we are also consuming the interest on it, including the famous 'hard clog' [not further specified] dear to Assistant Secretary Occhetto." Maria Mainardi of Parma complains, "Here we are running the risk of going back to the electoral levels after the war. How maddening!" The disciplined soldiers of the Red army of Montecitorio are in a great turmoil, and the whole general staff of the party is being blamed for it, not only the generals and colonels who command from the Via delle Botteghe Oscure [PCI headquarters] but also the captains and lieutenants who lodge in the provinces.

As a matter of fact, a good many of the deputies point out that during the electoral campaign in the last few weeks, the bigwigs did not clearly explain in what political direction the PCI is actually heading. Sergio Soave, elected in Piedmont, says that "Many people are asking why we talk about an alternative to the DC and then watch Ciriaco de Mita with interest." And the opinion of another Piedmontese member of Parliament, Pinucia Bertone, in commenting on the defeat in Novara is to the same effect. But this does not explain everything. Many members of Parliament maintain that a good many provincial directors proved unequal to their tasks.

Let us take the case of Pavia, where the PCI slipped up badly. The Lombard delegate Elio Quercioli feels it was a gross psychological error to nominate the Honorable Romana Bianchi for the commune, who is after all, a native of a village in the province, while relegating the outgoing Pierangelo Giovanola to second place, who moreover was a good manager: "Drawing up the list that way conveyed the impression that the party wanted to penalize Giovanola." To go on to Siena, the old communist stronghold in Tuscany and the scene of an unexpected defeat, Elio Gabbuggiani, a former mayor of Florence, maintains that it was chiefly the fault of the directors of the provincial federation: "They think, speak and act as they did 30 years ago without realizing that the city and its residents have changed in the meantime. Some deputies from the Romagna say that the Red regional council of Bologna made a tactical error in aggravating the hunting regulations on the very eve of the election, thus leading many aficionados of the shotgun to vote against the PCI. And the Abruzzi deputy Michele Ciafardini comments that the directors in Vasto, another center where the election results were disappointing, are all "all very capable comrades, but unknown to the citizens," in other words unqualified to oppose the strong DC leader of the area, Remo Gaspari, minister for the South.

Accordingly there is an unclear political policy, little sensitivity, and a bureaucratic staff. But the criticisms heard in the corridors of Montecitorio are not about this alone.

Giovanni Motetta, in the Chamber for three terms, is upset because many members of Parliament were kept at Montecitorio to guarantee the legal number in the voting on certain laws: "The result? While we were watching over the gasoline can like good little soldiers, the colleagues of the other parties were quietly gathering votes for their lists." The Romagna deputy Massimo Serafini reports that various former partisans in his region were left indignant at the sight of Giancarlo Pajetta on TV on the eve of the elections in the mortuary chapel prepared in Rome for the former MSI secretary Giorgio Almirante: "And then, when Pajetta passed through Lugo, they reminded him to his face of what he had announced years ago: 'We closed the dialogue with the Fascists on 25 April.'" Francesco Sama, elected in Crotone, another fallen Communist stronghold, wonders why Gerardo Chiaromonte wrote in L'UNITA of which he is the editor-in-chief, on Tuesday 31 May that the DC has caught its breath in the South thanks to its conservative policy: "Is it possible that Chiaromonte has just now realized what the Christian Democrats are?" And Marcello Stefanini, from the Marches, says in turn, "Our local directors have committed a blunder at their electoral meetings by describing Ancona as an unlivable city because until a few years ago we were still new at managing it. And it is certainly not productive to cut one's own throat."

But it is the fear that the party leadership will react to the setback on Sunday the 29th without the necessary approach that is aggravating the widespread uneasiness among the members of parliament. Enzo Polidori, the Tuscan deputy, thinks the next meeting of the Central Committee will probably not go much farther than the traditional "analyses of the vote:" "Since Berlinguer went they don't know how to do anything but make analyses."

But what could be done?

Some suggested on the spur of the moment the resignation of the whole administration, at least as a gesture, but on second thought they added, "I forgot that the instigation of resignations is not expected to us." Some say that the leadership should think twice before entrusting the guidance of the party to Achille Occhetto because Alessandro Natta's deputy certainly did not come out a winner in this electoral campaign, but by this time a change of the guard seems imminent and inevitable. And finally some like the former mayor of Turin Diego Novelli suggest a remedy that is a little too radical: "The secretary should send our national directors to the 20 regional capitals and keep in daily contact with them through as many TV sets placed on his desk, so as to make them report every morning on all that he needs to know, namely the people's moods, the opponents'

maneuvers and even the weather conditions. I explained this project to Berlinguer years ago but nothing was done about it. Nevertheless that is probably the only way it would finally be known on the Via delle Botteghe Oscure promptly and precisely what is going on outside the walls of the building."

5186/12223

NORWAY

Polls Spell Trouble for Labor Party With Progressives' Gain

Progressives Pass Conservative Party
36390077 Oslo AFTENPOSTEN in Norwegian
2 Jul 88 p 3

[Poll excerpted by Kjell Hanssen: "Progressives Just Behind Labor Party!"; first paragraph is AFTENPOSTEN introduction]

[Text] The Progressive Party is the country's second largest party at the moment—with a rating of 24.1 percent. The possibility that it is really the largest party lies within the statistical margin of error that the opinion institutes operate with. This appears from the Norsk Gallup Institute's election barometer for June which also shows the Labor Party at a new record low: 27.4 percent. The Conservatives lost the most (2.9 percent, down to 20.3) and have been stripped of their gains after the conservative wave rolled on to Hagen's party.

The Gallup barometer shows that the violent tremors in Norwegian politics in the past year were strengthened toward the end of the spring season. The poll was carried out in the period 6-24 June. Thus it is the first poll that captures reactions not only to the Storting's dramatic conclusion, but also to the Blitz uproar in Oslo, the controversial reorganization of the budget and the assassination threats aimed at Carl I. Hagen and other politicians.

The beneficiaries of all the unrest—in addition to the Progressive Party [FRP]—are the Socialist-Left Party [SV], which rose 1.6 percent to 8.7, and the Liberals (+1.2), who with a support level of 5.9 percent are now bigger than the Center Party.

The Conservatives lost the most, which must be additionally disappointing for the party leadership after a weak gain in May sparked hopes that the worst was over. The support level of 20.3 percent is the lowest the party of Syse and Willoch has noted since 1975. If there is any consolation it is that the conservative wave of the seventies has not receded but has rolled further to the nonsocialist side and that as many as 45 percent of those who now support Hagen would turn to the Conservative

Party if they change their minds again. This is now greater in both absolute and relative terms than the number who still think they might move the other way, from Syse to Hagen.

Back and Forth?

And after the gains it has made, FRP could also lose more supporters to the Labor Party than it can still hope to win. But for the time being there is little to indicate that Hagen's new sympathizers will abandon him right away. Party supporters are remarkably stable. As many as 89 percent of those who voted for Hagen last year say they would do the same thing today. The Labor Party would retain 83 percent and the Conservatives only 75 percent of their support. However both parties noted even lower figures in May.

In other words there has been a decline for both Gro Harlem Brundtland and Jan P. Syse but presumably their problems require quite different solutions. Above all else the government party must be hoping for as much serenity as possible. In the past year the party's worst blows have been self-inflicted. Summertime tranquility in the ministries and the Storting's summer recess should dampen the impression of a government that plays an active part in producing its own misfortune. Syse, on the other hand, must be afraid that things might be too quiet for him. To keep Hagen from grabbing all the attention, the Conservatives must be visible and apparently on the offensive.

1)	Storting- voted today	1987 June	Nov. %	Dec. %	1988 June	Feb. %	May %	April %	Mar. %	Jan. %
2) Ap.	68.8	68.0	68.1	68.8	68.1	68.8	68.3	68.8	68.8	68.1
3) SV.	8.7	8.7	8.7	8.7	8.7	8.7	8.7	8.7	8.7	8.7
4) Frp.	24.1	24.1	24.1	24.1	24.1	24.1	24.1	24.1	24.1	24.1
5) H.	20.3	20.3	20.3	20.3	20.3	20.3	20.3	20.3	20.3	20.3
6) Krf.	5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.9
7) Krf.	5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.9
8) SV.	8.7	8.7	8.7	8.7	8.7	8.7	8.7	8.7	8.7	8.7
9) Ap.	68.8	68.8	68.8	68.8	68.8	68.8	68.8	68.8	68.8	68.8
10) SV.	8.7	8.7	8.7	8.7	8.7	8.7	8.7	8.7	8.7	8.7
11) H.	20.3	20.3	20.3	20.3	20.3	20.3	20.3	20.3	20.3	20.3
12) Krf.	5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.9
13) Krf.	5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.9
14) SV.	8.7	8.7	8.7	8.7	8.7	8.7	8.7	8.7	8.7	8.7
15) Ap.	68.8	68.8	68.8	68.8	68.8	68.8	68.8	68.8	68.8	68.8
16) SV.	8.7	8.7	8.7	8.7	8.7	8.7	8.7	8.7	8.7	8.7
17) H.	20.3	20.3	20.3	20.3	20.3	20.3	20.3	20.3	20.3	20.3
18) Krf.	5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.9
19) Krf.	5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.9
20) SV.	8.7	8.7	8.7	8.7	8.7	8.7	8.7	8.7	8.7	8.7

The figures indicate what the vote would be if a parliamentary election were held now. The interviews were conducted 6-24 June.

Norsk Gallup Institute

Key:

- 1985 Storting election
- Liberal Party
- Liberal People's Party
- Progressive Party
- Conservative Party
- Christian People's Party
- Norwegian Communist Party
- Red Election Alliance
- Center Party
- Socialist-Left Party
- Liberal Party
- Others
- Total
- Conservatives + Christian People's Party + Center
- Conservatives + Christian People's Party + Center + Progressives

However the biggest problem facing the Labor Party is not general dissatisfaction but the fact that the party

insists on being yesterday's party. The new generation of voters has simply turned its back on the Labor Party. The June Gallup poll does not give the party more than 14—fourteen—percent of voters under the age of 30. This is not much better than SV, which scored 11 percent in the same age group. In comparison, the figure for the Progressive Party was 29 percent and the Conservatives had the support of 24 percent of young voters.

When it comes to the middle parties, the Center Party was in the worst position in relation to its most recent election results, while the Liberals did the best. The Christian People's Party seems to be on a downward course with a rating of less than 7 percent for the second month in a row. The background material suggests that there have been some defections to the Liberal Party.

Challenge for Other Parties

36390077 Oslo AFTENPOSTEN in Norwegian
4 Jul 88 p 2

[Editorial: "Which Side?"]

[Text] The more support there is for the Progressive Party and the longer it continues to fly high, the more important it is to know how the party intends to use the influence it acquires as a result of this support. The question is legitimate because FRP has already brought down one nonsocialist government. Will the party have an even more destabilizing influence if it has one of the biggest groups in the Storting?

The estimated distribution of Storting seats based on Norsk Gallup's June poll, which we printed on Saturday, shows that this is a realistic possibility. An election today would give Hagen's party close to a quarter of the representatives. Now an election is not being held today and the gains FRP has made in just under 12 months could disappear again. But they could also increase further.

Of course the answers depend on the other parties as well as on Hagen himself. Much of the shift to the Progressive Party is not due to active support for what the party stands for, but to active repudiation of the other parties' results—the policies that are being pursued and the lack of a feasible alternative. If the reasons for the dissatisfaction are eliminated, the basis for a political revolt will also disappear. It is not enough to say that the solutions are not as simple as Hagen claims—especially not if one denies that there are any problems at all that need to be solved.

The other parties must also decide how to deal with a large Progressive Party. The most shortsighted way is the one advocated by the middle parties, refusing to have anything to do with the Progressive Party. If one refuses to have anything to do with the Progressive Party, one is also leaving it free to behave exactly as it pleases in any

situation. And as recent experience has shown, this means that a nonsocialist minority government will be toppled before 6 months have gone by.

Polls at the current level suggest that the Conservatives and Progressives together could go far toward forming a majority, but not all the way. For that they would need the Christian People's Party at least. But the polls also show something else: No nonsocialist government could be formed without some kind of support from the Progressive Party.

However this also imposes obligations on the Progressive Party. With a larger Storting group the party would have a hard time continuing to take propaganda stands, regardless of what the results may be. The party must also decide where it belongs—on the side of the government or on the opposition bench. FRP's behavior in Oslo in recent weeks suggests that it has had trouble finding its own identity.

If FRP itself is in doubt, the voters will also have doubts. As the election comes closer, the government question will be more central than it has been in the past year. In 1985 this was the one question—Willoch or Brundtland—that almost swept Hagen's party out of the election campaign. If the Conservatives want to convince doubtful voters to come down on their side of the fence and reject FRP before 1989, this may be the simplest question to ask: Which of us do you believe in when it comes to establishing a credible government alternative?

Would Make Governing Difficult

36390077 Oslo AFTENPOSTEN in Norwegian
4 Jul 88 p 3

[News analysis by Kjell Hanssen: "Government Outcome Extremely Unclear"]

[Text] If Norsk Gallup's June poll for AFTENPOSTEN is an accurate indicator of the results of the next the election, the Labor Party will lose 21 Storting seats and drop to 50 representatives. The Conservatives will lose 15 and decline to 35. And the Progressive Party will move up from two seats to 39.

Such a result would provide an extremely unclear government situation. The conservative side (i.e., the Conservatives plus FRP) would come closest to a majority, which will require 83 seats in the next Storting, with a combined total of 74 seats. The hurdle would be cleared with the addition of the Christian People's Party (10 seats). The Labor Party would have a harder time: a Labor government could not get its proposals approved by the Storting without the backing of the Socialist-Left Party, the Center Party and the Liberals—plus the Christian People's Party [KRF].

Calculations

An opinion poll is not an election, of course, and a single poll is even more unlike an election result. Other election barometers for June have shown party ratings that differ, sometimes sharply, from those of Norsk Gallup. In addition, AFTENPOSTEN's calculations are based on a homogeneous tendency in all election districts. Recent elections, however, have shown some big variations from one district to another. Even so, a vote distribution along the lines of the Gallup poll—and a corresponding distribution of seats—must now be regarded as a possible outcome of the next election.

Liberals Interesting

The forecast gives the Christian People's Party 10 seats, the Center Party nine and the Liberals nine—a gain of nine seats for them, since the 101-year-old party disappeared from the Storting as a result of the last election in 1985. Up to now the most interesting question has been whether the Liberals will get more than 4 percent of the votes and thus be entitled to some of the compensatory seats. But now that the party has passed the Center Party, it also has a chance of winning district seats on its own.

There are eight compensatory seats available for distribution in all, of which KRF would get four, the Center Party one and the Liberals three. The three big parties will not benefit from the compensatory arrangement, of course. Nor will SV which according to our calculations will increase its Storting representation from six to 13 seats—all elected directly.

The compensatory seats favor small parties and—generally—big districts. Thus KRF will win its compensatory seats in Hordaland (including Bergen), Oslo, Rogaland and More/Romsdal. The Center Party will get its seat in Rogaland and the Liberals will get their three in Oslo, Rogaland and (the one exception) West Agder.

And Lose the Most

On the loss side the Labor Party will be especially hard-hit with the loss of two seats in each of these districts: Akershus, Oppland, Hordaland, More/Romsdal and Nordland. The Conservatives will have their worst results on election night in Oslo, where as many as three of the seven seats the party now holds will be lost. On a national basis the Conservatives will have to console themselves with the fact that they are still represented in all the counties.

The Gallup poll shows that at present the Progressive Party is the country's second largest party. One consequence of this is that in a corresponding election FRP would emerge as the biggest party in as many as six

districts: Akershus, Oslo, Vestfold, West Agder, Rogaland and Hordaland. The only question is whether the third party will meet the same fate here as it always does in British politics, where it wins all the battles except the one that really counts.

Nonsocialist Leader Assesses Gain

36390077 Oslo AFTENPOSTEN in Norwegian
5 Jul 88 p 3

[Article by Arve M. Bakken: "Conservative Party Alone Not a Government Alternative"; first paragraph is AFTENPOSTEN introduction]

[Text] "With a voter support level of 20 percent the Conservative Party alone is not strong enough to emerge as an alternative to the Labor government." That is what Conservative Deputy Chairman Wenche Frogn Sellaeg told AFTENPOSTEN. She said the Conservatives must play a leading role in the effort to establish nonsocialist cooperation and nonsocialist policy. "The Conservatives and the middle parties must stress issues on which we can agree," she said.

"The Conservatives, the Christian People's Party and the Center Party disagree with the present government on a number of issues. This is true of schools and education policy, the wish for stronger protection of private ownership and defense policy. We also agree that the public sector has taken on a work load that is much too heavy and that it would be advantageous to turn over a good deal of it to private individuals and organizations.

Credible

"I feel there is a need to emphasize issues that can unite the nonsocialist parties, so that we can emerge as a credible alternative," said Frogn Sellaeg. She said there are also a number of other issues the nonsocialist parties agree on where the contrast with the Labor Party is not as strong. "But the most important thing is that the nonsocialist parties should not plunge straight into problem areas when they try to reach an agreement on cooperation," she said and added that the Center Party leader, Johan J. Jakobsen, supports this view: "He also thinks we should start talking to each other again. We talked to each other for 5 years and that ought to be a good beginning. According to the polls, 41 percent of the voters would prefer a nonsocialist government alternative. We should pay attention to that signal," she said.

At a Standstill

"Nonsocialist cooperation is at a standstill in the Storting, the Conservatives and the middle parties are farther apart than they have any reason to be. For 2 years the three former government parties have stressed their own policies. And none of them has grown because of it, according to the polls," Frogn Sellaeg said. She thinks

the Center Party's profile as the Labor government's most important mainstay in practical politics is the biggest obstacle to a nonsocialist alternative.

Cooperation on Issues

The Conservative deputy leader admitted that it would be a problem to establish a government cooperation with the Progressive Party. "The party has been a mainstay for the Conservatives on economic policy. Its Storting representatives have voted for our proposals when their own were defeated.

"This has been valuable for us, but its big drawback is that it is a one-man party and lacks an overall profile. But I still think the Progressive Party could be included from issue to issue. There are many indications that the Conservatives and the middle parties will have to depend on the Progressive Party to help set up a nonsocialist alternative. This seems to be a bigger problem for the Center Party and the Christian People's Party than it is for the Conservatives. But in my opinion it must be possible to establish the same kind of cooperation that the Labor Party has had with SV for a number of years," said Frogn Sellaeg. She did not wish to suggest that any new initiatives will be taken to establish a nonsocialist alternative. "We have burned our fingers on similar initiatives and timetables in the past," said the Conservative Party's first vice chairman.

Labor Party Losing Youth Vote

36390077 Oslo AFTENPOSTEN in Norwegian
5 Jul 88 p 3

[Article by Heidi Borud: "Labor Party Still Lacks Young Voters"]

[Text] What is happening to the Labor Party? Has the party entirely lost its grip on young voters? According to Norsk Gallup's political barometer for June, only 14 percent of voters between the ages of 18 and 29 said they would vote for the Labor Party if a Storting election were held tomorrow.

If one looks at the 18-29-year-old age group, 29 percent said they would vote for the Progressive Party and 24 percent would vote for the Conservatives. And 11 percent in this age group said they would vote for SV.

First Up, Then Down

AFTENPOSTEN has looked at the Labor Party statistics in Norsk Gallup's barometers for the last 4 months. The figures for the 18-29-year-old age group look like this: March, 15 percent, April, 20 percent, May, 21 percent and June, 14 percent. These figures are dramatically low in comparison with the 1985 Storting election. The

post-election survey from the Central Bureau of Statistics showed that 32 percent of first-time voters voted for the Labor Party in 1985 and the figures for the 20-24-year-old and 25-29-year-old age groups were 33 and 29 percent respectively.

Serious

Henry Valen, an election expert and professor of political science, told AFTENPOSTEN that it is a serious problem for the Labor Party that it has so completely lost contact with young people. "If the party is to take the offensive again, it must have young people with it," said Valen. However he stressed the point that ever since 1973 there has been a clear tendency for large numbers of young voters to lean to the conservative side. This is in contrast to the sixties when it was the parties on the left that appealed to young voters.

Strong Election Wind

"What we are now seeing is a strong election wind. The conservative wave has been making some headway again among young people. I do not put much emphasis on the figures from this one poll, but the tendency is clear," said Professor Valen. He also said that it has never been so difficult to predict the future.

What are the reasons for the strong gains made by the Progressive Party?

"What happened in the Storting in June 1987 when the farm compromise was discussed probably started the whole thing. The party's leader had a unique chance to make use of his talents and he did so with great success. Subsequently, several individual issues may be responsible for the gains that have been made. Immigration policy has probably played a part," said Henry Valen.

The Labor Youth [AUF] leader, Jens Stoltenberg, thinks the Labor Party has been hardest-hit by the growing contempt for politicians in this country because the party is always associated with guidance and control. "The Labor Party has had a weak position among young people for a long time and when the entire party receives poor support it is natural that this is most apparent among young voters," Stoltenberg told AFTENPOSTEN. However he said that the trend can be reversed when people begin to note the positive results of the government's policies.

"All the burdens the government had to shoulder with regard to austerity policy will be an asset for the Labor Party. Lower price increases and interest rates, as well as balance in the foreign economy are key words here," Stoltenberg maintained. He also stressed environmental policy, where he thinks Social Democratic values such as fellowship and control are superior to the conservative ideas involving a strong faith in market forces.

Nonsocialists 'Wandering in Desert'
36390077 Oslo AFTENPOSTEN in Norwegian
7 Jul 88 p 2

[Editorial: "Teamwork Necessary"]

[Text] When Kare Kristiansen characterizes his own party's center strategy as a fatal course, he is speaking for broad groups of Christian People's Party voters. And when the first deputy chairman of the Conservative Party, Wench Frogn Sellaeg, points out that her party is not strong enough to emerge as a credible government alternative, she is in line with the majority of Conservative voters. It seems obvious to unbiased observers that the chaotic conditions on the nonsocialist side are the driving force behind the Progressive Party's gains in the opinion polls.

For our part we have no doubt that Henry Valen is right when he regards the flow toward Carl I. Hagen's party as a reaction on the part of many people to the lack of a real alternative to the present government. None of the three former government parties has gained anything as a result of the attempt to emerge as an independent alternative to the Labor Party.

But in spite of that, the Conservatives, the Christian People's Party and the Center Party continue their aimless quest, for it cannot be otherwise as long as they are obviously unwilling to join forces to achieve mutual goals. No matter how great and wonderful they may be in their own eyes, the three parties have no chance of winning recognition for a goal-oriented nonsocialist policy if they act separately. They must cooperate to implement the wishes of their voters.

Things would have looked quite different if Kjell Magne Bondevik and Johan J. Jakobsen had listened to the majority of their own voters who deeply regret that it has not yet been possible to re-establish a vigorous and viable government alternative. As Kristiansen pointed out, the so-called center strategy is based on a formidable illusion. But in the current situation the Conservatives are also primarily concerned with emphasizing their own profile. One can certainly discuss how successful this has been, but it seems to be a widely-held opinion among observers that the Conservative strategy has not benefited the party or political developments in general.

From our point of view it is obvious that Frogn Sellaeg is right when she points out that the Conservatives must play a leading role in the efforts to restore three-party nonsocialist cooperation. It is high time the party leaders sat down and worked on guidelines for a nonsocialist policy that can bring us out of the mess we are in.

The last train for a change of government before the election will depart during the fall budget debate in the Storting. If this last chance is not seized, next year's Storting election could end in a catastrophe for these parties—as a group and individually. The handwriting on the wall is easy to read.

Poll Relates Issues, Parties
36390077 Oslo AFTENPOSTEN in Norwegian
9 Jul 88 p 9

[Article by Kjell Hanssen: "Labor Party Viewed as Welfare Guardian"]

[Text] The Labor Party is best at safeguarding the welfare state. The Conservative Party is the one that can keep the powder dry and the economy in order. And the Progressive Party is the most reliable remedy for dealing with both bureaucracy and crime. This appears from an opinion poll which the Market and Media Institute [MMI] conducted for AFTENPOSTEN in June.

The survey shows that it is difficult for a party to break away from an image once it has become established: the Conservatives are best when it comes to making money, the Labor Party is best at spending it. The Conservatives are best at providing good conditions for the business sector and reducing price increases but Labor is best at guaranteeing full employment. The voters seem to have relatively stereotyped concepts of what the parties stand for. It takes a long time for a party's attempt to break away from its role to bear fruit and at times it appears to be a hopeless task.

Shaping Own Image

The Progressive Party is not a captive of history to the same extent and therefore voters' ideas about Hagen's party are more complex. The party is assumed to be the best when it comes to lowering taxes, for example (an opinion held by 43 percent compared to 28 for the Conservatives and only 12 for the Labor Party). But at the same time voters have little confidence in FRP when it comes to guaranteeing good conditions for the business sector, although taxes play a central role there.

While only 11 percent would rely on FRP to safeguard the welfare state, 23 percent believe in Hagen's ability to strengthen care for the elderly. This result is reasonably compatible with FRP's own rhetoric. On the other hand the attempt to launch the party as an environmental party has not made much of an impression. Here Hagen did not score higher than 8 percent.

Only for Domestic Consumption

The view of a new party is necessarily influenced by what the party itself chooses to talk about and the Progressive Party seldom talks about defense and security policy. So only 6 percent of the respondents thought FRP would be particularly good at pursuing a stable foreign policy. And

the party scored lower than the Labor Party with respect to who would strengthen defense, in spite of the fact that FRP is willing to appropriate the most money here.

Own Assessment

However the MMI survey shows a big difference between what other voters think about a party and how it is regarded by its own voters. As many as 48 percent of Labor voters gave top marks to the Labor Party for its ability to moderate price increases, while only 4 percent of the Conservative voters held this opinion of Mrs Brundtland's party. On the other hand 50 percent of Conservative voters think the Conservative Party is especially good at strengthening the health care system. Only 5 percent of the Labor supporters share that opinion.

Always Best

In the same way, the opinion that the Progressive Party has special ability when it comes to strengthening care for the elderly is held primarily in FRP itself with 65 percent of FRP supporters expressing confidence in the party in this area while the figure drops to 23 percent in the Labor Party and 12 percent in the Conservative Party.

Previous surveys in England have shown a similar pattern. At times voters for the various parties have similar wishes about which policy should be pursued, but they have dramatically different views as to which party can produce the results they want. People have the best possible opinion of their own party and the worst possible opinion of the party's opponents.

Each Distinct

The Labor Party came in first in more areas than the Conservatives and the Progressives in the MMI survey. However it must be assumed that the Conservatives and the Progressives steal votes from each other to a considerable extent. If the two nonsocialist parties are viewed as alternatives, the following picture emerges: the Labor Party is clearly the preferred party with respect to increased equality, full employment and strengthening environmental protection. Far more confidence was expressed in the nonsocialist parties when it came to strong defense, stable foreign policy, lower taxes, less bureaucracy—and less crime. The Labor Party's lead in the areas of welfare, health and care has declined from its former level and in some cases has been canceled out. But it is a surprise to many that the Labor Party still holds the lead when it comes to reducing housing costs! Some 33 percent gave the Labor Party the prize for ability in this area, 13 percent chose the Conservatives and 14 chose FRP.

1)	Storting 1985	1985 Storting	1985 Storting	1985 Storting	1985 Storting	1985 Storting	1985 Storting	1985 Storting	1985 Storting	1985 Storting
2) Ap.	68.8	28.8	28.1	28.8	28.1	28.8	28.8	28.8	28.7	27.4
3) L.P.	6.8	6.8	6.1	6.8	6.8	6.8	6.8	6.8	6.8	6.8
4) P.P.	8.7	8.3	28.8	28.8	28.1	28.1	28.8	28.8	28.8	28.1
5) M.	28.8	28.8	28.1	28.8	28.8	28.7	28.8	28.8	28.8	28.8
6) H.P.	6.8	6.8	6.1	6.8	6.8	6.8	6.8	6.8	6.8	6.8
7) H.P.	6.8	6.8	6.1	6.8	6.8	6.8	6.8	6.8	6.8	6.8
8) H.P.	6.8	6.8	6.1	6.8	6.8	6.8	6.8	6.8	6.8	6.8
9) H.P.	6.8	6.8	6.1	6.8	6.8	6.8	6.8	6.8	6.8	6.8
10) H.P.	6.8	6.8	6.1	6.8	6.8	6.8	6.8	6.8	6.8	6.8
11) H.P.	6.8	6.8	6.1	6.8	6.8	6.8	6.8	6.8	6.8	6.8
12) H.P.	6.8	6.8	6.1	6.8	6.8	6.8	6.8	6.8	6.8	6.8
13) H.P.	6.8	6.8	6.1	6.8	6.8	6.8	6.8	6.8	6.8	6.8
14) H.P.	6.8	6.8	6.1	6.8	6.8	6.8	6.8	6.8	6.8	6.8
15) H.P.	6.8	6.8	6.1	6.8	6.8	6.8	6.8	6.8	6.8	6.8
16) H.P.	6.8	6.8	6.1	6.8	6.8	6.8	6.8	6.8	6.8	6.8
17) H.P.	6.8	6.8	6.1	6.8	6.8	6.8	6.8	6.8	6.8	6.8
18) H.P.	6.8	6.8	6.1	6.8	6.8	6.8	6.8	6.8	6.8	6.8
19) H.P.	6.8	6.8	6.1	6.8	6.8	6.8	6.8	6.8	6.8	6.8
20) H.P.	6.8	6.8	6.1	6.8	6.8	6.8	6.8	6.8	6.8	6.8
21) H.P.	6.8	6.8	6.1	6.8	6.8	6.8	6.8	6.8	6.8	6.8
22) H.P.	6.8	6.8	6.1	6.8	6.8	6.8	6.8	6.8	6.8	6.8
23) H.P.	6.8	6.8	6.1	6.8	6.8	6.8	6.8	6.8	6.8	6.8
24) H.P.	6.8	6.8	6.1	6.8	6.8	6.8	6.8	6.8	6.8	6.8
25) H.P.	6.8	6.8	6.1	6.8	6.8	6.8	6.8	6.8	6.8	6.8
26) H.P.	6.8	6.8	6.1	6.8	6.8	6.8	6.8	6.8	6.8	6.8
27) H.P.	6.8	6.8	6.1	6.8	6.8	6.8	6.8	6.8	6.8	6.8
28) H.P.	6.8	6.8	6.1	6.8	6.8	6.8	6.8	6.8	6.8	6.8
29) H.P.	6.8	6.8	6.1	6.8	6.8	6.8	6.8	6.8	6.8	6.8
30) H.P.	6.8	6.8	6.1	6.8	6.8	6.8	6.8	6.8	6.8	6.8
31) H.P.	6.8	6.8	6.1	6.8	6.8	6.8	6.8	6.8	6.8	6.8
32) H.P.	6.8	6.8	6.1	6.8	6.8	6.8	6.8	6.8	6.8	6.8
33) H.P.	6.8	6.8	6.1	6.8	6.8	6.8	6.8	6.8	6.8	6.8
34) H.P.	6.8	6.8	6.1	6.8	6.8	6.8	6.8	6.8	6.8	6.8
35) H.P.	6.8	6.8	6.1	6.8	6.8	6.8	6.8	6.8	6.8	6.8
36) H.P.	6.8	6.8	6.1	6.8	6.8	6.8	6.8	6.8	6.8	6.8
37) H.P.	6.8	6.8	6.1	6.8	6.8	6.8	6.8	6.8	6.8	6.8
38) H.P.	6.8	6.8	6.1	6.8	6.8	6.8	6.8	6.8	6.8	6.8
39) H.P.	6.8	6.8	6.1	6.8	6.8	6.8	6.8	6.8	6.8	6.8
40) H.P.	6.8	6.8	6.1	6.8	6.8	6.8	6.8	6.8	6.8	6.8
41) H.P.	6.8	6.8	6.1	6.8	6.8	6.8	6.8	6.8	6.8	6.8
42) H.P.	6.8	6.8	6.1	6.8	6.8	6.8	6.8	6.8	6.8	6.8
43) H.P.	6.8	6.8	6.1	6.8	6.8	6.8	6.8	6.8	6.8	6.8
44) H.P.	6.8	6.8	6.1	6.8	6.8	6.8	6.8	6.8	6.8	6.8
45) H.P.	6.8	6.8	6.1	6.8	6.8	6.8	6.8	6.8	6.8	6.8
46) H.P.	6.8	6.8	6.1	6.8	6.8	6.8	6.8	6.8	6.8	6.8
47) H.P.	6.8	6.8	6.1	6.8	6.8	6.8	6.8	6.8	6.8	6.8
48) H.P.	6.8	6.8	6.1	6.8	6.8	6.8	6.8	6.8	6.8	6.8
49) H.P.	6.8	6.8	6.1	6.8	6.8	6.8	6.8	6.8	6.8	6.8
50) H.P.	6.8	6.8	6.1	6.8	6.8	6.8	6.8	6.8	6.8	6.8

The figures indicate what the vote would be if a parliamentary election were held now. The interviews were conducted 6-24 June.

Borsh Gallup Institute

Key:

1. 1985 Storting election
2. Labor Party
3. Liberal People's Party
4. Progressive Party
5. Conservative Party
6. Christian People's Party
7. Norwegian Communist Party
8. Red Election Alliance
9. Center Party
10. Socialist-Left Party
11. Liberal Party
12. Others
13. Total
14. Labor + Socialist-Left
15. Conservatives + Christian People's Party + Center
16. Conservatives + Christian People's Party + Center + Progressives

When Voters Lack Confidence

MMI did not ask respondents to say how important the individual issues were for them. However the institute did separate voters for the three parties into two categories, "definite" and "doubtful." The differences here provide clear indications. Among doubtful Labor voters, one sees a sharp drop in confidence in the party's ability in four areas in particular: defense, foreign policy, taxes and bureaucracy. But the doubtful voters have a better opinion of the party in such areas as equality, for example. Thus this seems to be a less important issue as far as they are concerned.

The picture is less clear among Conservatives. When party voters are doubtful, it seems to affect confidence in the party generally, not just in specific areas. Thus it is not easy to find any simple remedies for the Hagen malady. The solution might be that his doubtful voters have begun to question whether FRP is really a good thing for the business sector. Some 49 percent of the definite voters think so, but only 31 percent of the doubtful voters agree.

Politicians Must Speak Clearly

36390077 Oslo AFTENPOSTEN in Norwegian
11 Jul 88 p 2

[Editorial: "Revealing Poll"]

[Text] The Progressive Party's steady rise in the opinion polls is primarily a result of the distrust broad voter groups feel when it comes to both the Labor Party and the three former government parties. In addition,

responsible politicians—especially in times of crisis—have a formidable pedagogical problem. The poll we published Saturday clearly confirms that they have been unable to explain the connections between the various problems to the voters.

According to the Market and Media Institute's poll, the Conservative Party has the greatest voter confidence when it comes to moderating price increases and improving conditions for the business sector. On the other hand the majority of the respondents trust the Labor Party when it is a question of safeguarding the welfare state and full employment. In reality, declining competitiveness in the private sector is the biggest threat to both full employment and the welfare state.

Better times can be expected to sustain unprofitable jobs for a short time. But some of the prerequisites for preserving and further expanding the welfare state are keeping prices under control, securing jobs and laying the foundation for new investment and economic growth. In the current situation it should be a major task for all responsible politicians to explain this connection to their voters.

Earlier we praised the government for having succeeded—in close cooperation with labor market groups—in bringing about an income agreement that contributed to improving competitiveness in the private sector. But unfortunately there is no doubt that the government's policy is in trouble, primarily because the income agreement was not followed up with the stimulating tax incentives that are necessary to ensure new growth and progress.

Thus voters are not alone in having a hard time understanding and drawing conclusions from the connection or lack of it between the various political objectives. And when the politicians have trouble drawing the right conclusions it is pretty optimistic to expect the voters to help straighten out the untidy parliamentary situation. On the contrary there is reason to fear that conditions will become even more difficult after next year's Storting election. But there is still time to show that things can be cleaned up.

Labor Party's 'Hagen Strategy'

36390077 Oslo AFTENPOSTEN in Norwegian
11 Jul 88 p 2

[Text] The Labor Party has now prepared its own "political document" against the Progressive Party, addressed specifically to the party's elected officials around the country. The idea is to provide them with arguments against Carl I. Hagen and his policy for the purpose of assisting them in the fight against declining support and the attempt to stem further inroads by the Progressive Party.

Family Bankruptcy

In cooperation with the party's Storting group and several ministries the party's information division on Youngstorvet has examined the alleged consequences of implementing Hagen's policies. An average family with small children would go bankrupt, according to a calculation in the background pamphlet. According to the calculation a family with children would be poorer by 40-50,000 kroner, even if FRP's tax relief measures were implemented. Students in a 5-year program who receive student loans would have extra expenses of 73,500 kroner if they receive the maximum amount.

The unified wage policy would suffer further as a result of a system based solely on local wage negotiations. Housing costs would increase dramatically if loans in national banks are transferred to private interests. Already strained municipal budgets would be cut by a third. The conclusion is that this would have a negative effect on the school system, care for the elderly, health care and similar programs.

Big Mistake

Information Secretary Stig Nilsson, who is responsible for the pamphlet, said it was a big mistake for the party to wait this long before it came up with decent political arguments against the Progressive Party. The Progressive Party group secretary, Jan Simonsen, is sure the Labor Party's calculations contain many errors, but aside from that all he said was that now there will be a discussion of the party's policies.

06578

PORTUGAL

Signs of Disagreement Between PCP, CPSU Appeal

35420114b Lisbon EXPRESSO in Portuguese
9 Jul 88 pp 1, 3

[Text] The absence of the PCP leaders at the talk given by Soviet economist Abel G. Aganbegyan last Tuesday at Commerce House in Lisbon caused surprise.

This event, sponsored by Europe-America Publications, was attended by only a few base-level communist militants, specifically Veiga de Oliveira and Vital Moreira (both members of the so-called Group of Six), Deputies Jose Magalhaes and Jorge de Lemos, and also Zita Seabra. Those present also included members of other parties and university economics professors.

It should be mentioned that PCP leader Antonio Dias Lourenco went to Commerce House, but left the hall as soon as the lecture began, explaining that he had to go to "shut down AVANTE!," the newspaper of which he is the editor.

Another pertinent indication of the impact the new situation in the Soviet Union is having on the PCP was the relative disinterest on the part of the base-level communist militants, practically none of whom attended this gathering, or the other at the ISCTE at which this Soviet economist also spoke.

No Mention in AVANTE!

Let us note here that Abel Aganbegyan is one of the most faithful interpreters of "perestroika" and defender of the process of renewal in progress in the Soviet Union. During his visit to Portugal, Aganbegyan has met with the president of the Republic, and he has also participated in other meetings with other leaders in political and cultural circles.

Concerning one such meeting, with PCP economists, Abel Aganbegyan said day before yesterday on a television program that the discussion "was rather lively," although he had earlier participated in "still more lively discussions at the University of Moscow" (which is traditionally regarded as conservative). This comment seems to indicate, then, that the agreement between the Soviet economist and the PCP economists is far from total. It was noted in this connection that attendance at this meeting was initially limited, but was later expanded to include other communist militants. Yet the hall was half empty, and only one-third of the seats were occupied. AVANTE!, for its part, made no reference to this event this week.

Attitude Toward a "Third Path"

However, the Central Committee meeting scheduled for the middle of this month is being awaited with high expectations. At this meeting, problems having to do with the emergence of new developments since the last Central Committee meeting was held in April are to be discussed.

Prominent among these items is the internal circulation of a document on the so-called third path signed by outstanding intellectual, trade-union and worker members. Other issues of interest include the publicizing of yet another document from the Group of Six, and also the presentation of a proposal for the holding of a national congress to prepare for and organize the 12th Congress. Internally, there is also great eagerness to see how the members of the Central Committee committed to the so-called third path will act. This plenary session will be one of the last prior to the holding of the congress in Coimbra.

Meanwhile, the AVANTE! editorial this Thursday, which stated that "the PCP is not a fortress under siege," prior to speaking of "a great party which is not immovable in time or hindered by outdated concepts and improper methods," seemed to be rounding off a series of statements by communist leaders designed to alleviate

internal tensions, using in a tone far removed from that which characterized the statement of the secretary of the Central Committee on 28 June.

The initial avoidance of verbal violence may have to do with the fact that this form of expression has not produced the expected effect. In intellectual circles, there continues to be support of the "third path" document. Jorge Leite, Salvato Telles de Menezes, Ribeiro Cardoso, Ernesto Sampaio, Pedro Alvim and Eugenio Alves are among the examples. This gives the impression that the document will provide a kind of methodological base on which militants from varied areas can come together. In Caldas da Rainha, about 30 militants have proceeded in similar fashion, and the nucleus at the Coimbra Faculty of Law in that city has adopted the same attitude. In the party cells made up of trade-union leaders, and in Barreiro, this document has been presented to the organizations for debate.

Despite the pacification efforts, the fact that the central press organ of the communists did not cover the meeting on "popular participation in constitutional revision" held last Sunday remains significant. At that meeting, speeches were delivered by leading signatories of the document, including Gomes Canotilho, Jorge Leite and deputies (described in the press as holding critical positions) such as Jose Magalhaes, Jorge Lemos and Jose Manuel Mendes.

Parliamentary Tension

On the other hand, great tension developed during the parliamentary campaigns of the PCP last Tuesday when a deputy affiliated with the "old guard" abandoned his seat following a professional disagreement with a legal adviser of the parliamentary group, whom he accused of wasting time in a conspiracy against the party. The meeting was briefly suspended, while Carlos Brito assured the resigning deputy of the full confidence of the PCP leadership in him personally, and guaranteed that the charge he made against the adviser would be given "serious consideration."

At the press conference held after this step was taken, Carlos Brito made no reference to the internal situation in the group, the structure of which will be altered shortly with the replacement of the two representatives of the JCP, Rogerio Moreira and Alvaro Amaro, by Paula Coelho and Antonio Filipe, on the recommendation of Angelo Veloso.

Meanwhile, the proposal made by leading militants in Marinha Grande, who urged that a special conference of the PCP be held before the end of July to define the means of preparing for and holding the congress of Portuguese Communists, is expected to win the support of the renewal wing. And in public statements, Zita Seabra has described this as a "positive idea." However, the proposal, which suggests that the delegates to the conference be members of the CC, deputies, communist

presidents of self-governing bodies, members of the secretariat of the CGTP and all of the communists holding government posts, has been described in circles close to the PCP leadership as "an attempt to undermine the authority of the Central Committee where preparations for the congress are concerned." On the other hand, one of the first signatories of the "third path" document told EXPRESSO the following: "Even so, I do not personally think that this is an undertaking which contributes to deepening the process of democratizing preparations for the congress. The multiplication of proposals and documents does not necessarily clarify things," he added.

Within this context, some statements made by Alvaro Cunhal to the young communists' periodical POLITIKA! and carried in an issue which came out this week, although the interview dates back to 10 March, become particularly significant. "If anyone thinks that the horizontal circulation of opinions can enrich dialogue, the idea could be set forth and debated," the secretary general of the PCP said. He warned, however, that "We have been and continue to be opposed to this idea, which if applied, would lead to the right to dispute, to competition among platforms, and to the development of factions."

Equally significant, at a time when the CPSU is revealing its intention of sponsoring a conference of political parties from all over Europe, are the statements of Alvaro Cunhal about the European Community, and the differences regarding the position of the PCI. "The Italian comrades defend the supranational EEC bodies, approved the Single Act, and maintain a different position. Another difference, and no less a difference, is that we believe that there are not only objective, but also subjective reasons for breakdown of the influence of various communist parties in capitalist Europe." And Cunhal spoke more specifically. "In a number of countries, it has begun with the acceptance of factions, differentiated platforms, the horizontal circulation of ideas, and even the formation of groups with their own leaders waging a struggle among themselves—very often because of political differences, and also because of personal ones. This is a bitter experience which should not be imitated or repeated."

The SIP of the PCP, when approached by EXPRESSO, said only that the party "has no direct or official knowledge, nor has it received any invitation from the CPSU" concerning the organization of such a conference, although willingness was indicated "to analyze the matter carefully" in the event that an invitation is received.

Well-Known Analyst on Future Political Developments

35420106c Lisbon TAL & QUAL in Portuguese
17 Jun 88 p 3

[Article by Paulo Freitas]

[Text] For some months now the Professor Adelino da Palma Carlos Hall of the Lisbon Law Faculty has become an authentic place of pilgrimage. Everybody wants to have a word with the president of the Governing Council—the amusing, charming and talented Dr Marcelo Rebelo de Sousa, a Machiavellian politician who today claims to be "100 percent dedicated to academic life." Requests, favors, intrigues—a little bit of everything finds its way into the ample office of the former deputy to the prime minister in the Balsemao government. The seven sofas in the waiting room are always occupied. Obviously Marcelo Rebelo de Sousa is in seventh heaven. He enjoys like no one else the impact that his presence has on faculty circles at the Lisbon Law Faculty. Removed from journalism and political activity and out of the headlines, the former director of EXPRESSO has still not lost his taste for forecasting and political scenarios.

Last week during a meeting with students of his Faculty, a meeting attended by TAL & QUAL, Marcelo Rebelo de Sousa made some absolutely original predictions.

"Prof Cavaco Silva is going to be in power until 2006!" Marcelo assured his young men. And so that they would not think that the teacher was pulling their legs, Rebelo de Sousa explained: "The coming months, until the end of 1989, are going to be somewhat difficult. Then, until the legislative elections in 1991, the years will be prosperous with European Community funds making it possible in the end for the PSD [Social Democratic Party] and Prof Cavaco Silva to regain an absolute majority."

That's well and good, a student reacted, but how is Prof Cavaco going to last until 2006! Marcelo smiled: "In 1996 Prof Cavaco Silva will be elected President of the Republic, and like his predecessors in that position he will be at Belem for 10 years." In the opinion of Rebelo de Sousa, "a good candidate for the presidency has to have had extensive experience in power and be a man who was discussed and challenged daily for years"—conditions that only Prof Cavaco Silva will be able to fulfill.

In addition, the president of the Governing Council of the Lisbon Law Faculty believes that "the second term of Mario Soares as president of the republic will be very different from the present one." The relations between Soares and Cavaco will deteriorate, giving rise to "a institutional conflict similar to that which occurred years ago between Dr Soares and General Eanes." The fact that Mario Soares will then be completing his second and final term and be under pressure from the Socialist electorate to choose a successor different from Cavaco

will in Marcelo's view be the determining cause of "war" between the two politicians. Incidentally, it seems that matters are already heading for rocky ground.

About the PS [Socialist Party] our "Zandinga" of politics also has a "feeling": "They will have to get at least 30 percent in the next elections. Without that Dr Vitor Constancio will not be able to survive as head of the party. He will be defeated," said Marcelo, certain of his prediction. He believes that Jaime Gama, Torres Couto and Joao Soares are those best positioned to replace Constancio, with the advantage to the first named. The chances of Joao Soares, in Marcelo's opinion, depend on his candidacy for president of the Lisbon Municipal chamber. "This is indispensable. If he wins, he ceases to be the son of Dr Mario Soares and becomes someone known for something other than that." And Torres Couto? "It is necessary that the UGT [General Union of Workers] not break up and that it open its much desired bank. Otherwise, he has no chance," concluded Marcelo Rebelo de Sousa.

With regard to other parties, Marcelo contends that the CDS [Social Democratic Center Party] "will obviously capture a small portion of the PSD [Social Democratic Party] electorate." The PRD [Democratic Renewal Party] will end up "fulfilling its vocation for uniting with the PS." Within the PC [Communist Party] "a new leader will emerge, refreshed, a regroupuer, free of the complexes and commitments so utterly unacceptable in these times." And then what will become of the present renovators of the party of Dr Alvaro Cunhal? "I think they will be contained. This always happens to those in the middle," Marcelo said, and he compared the reaction of the PCP hardliners to the attitude of the old Salazarists when Prof. Marcelo Caetano tried to open up the Estado Novo regime in the late 70's.

In the opinion of this former minister of Balsemao, Freitas do Amaral and Gen Eanes will have very few political prospects. "If Prof Freitas do Amaral had not rejoined the CDS, who knows.... With respect to the former president of the republic, Marcelo contends that "Gen Eanes will only have one possibility—to be the candidate of Prof Cavaco Silva in the presidential elections of 1996!"

As for the next elections? "The PSD will have 40 some percent; the PS will increase by 5 or 6 points; the CDS by 2 or 3; the PRD will decline even more and the PC will be sacrificed by the socialists," Marcelo predicted in this relaxed conversation with the students of Lisbon Law Faculty.

Cavaco, for the next 20 years until 2006, is basically the one Marcelo favors: "Before the presidential elections of 1996 Cavaco will find another Almeida Santos and make an unstoppable run for Belem."

12942/12232

Trial Planned for Azores Separatist Leader
35420106a Lisbon EXPRESSO in Portuguese
18 Jun 88 p 5

[Text] Jose de Almeida, leader of the Azores Liberation Front [FLA], was indicted for the "crime of treason to the Nation" in a case brought by the Attorney General of the Republic, after having first appeared before a criminal judge in Ponta Delgada. Thus, the statements he made in a 1985 press conference in Lisbon could cost him from 15 to 20 years in prison.

Expecting a criminal indictment subject to a much less severe penalty or a decision to dismiss the case, circles close to the nationalist leader were surprised at the seriousness of the charge. Their expectations were based on the belief that the FLA would not be given the opportunity to turn the trial into a case with international repercussions, for which an appeal by him to the Court of Human Rights would be sufficient. Political observers also point out that the process is inopportune, almost 3 years after the press conference and at a time when the FLA is practically inactive.

Contacted by EXPRESSO, Jose de Almeida said that he is convinced that if he has to go to court he will be exonerated of all charges against him.

"I am not a traitor to Portugal, which I love deeply. The solution that I advocate for the Azores is for Portugal and not against Portugal. The Portuguese Constitution gives me the right to express the opinions I believe in, even regarding the State, its nature and its structure. I don't see, therefore, how I have committed treason."

Declaring that he will not take back a comma of the statements made in 1985, the nationalist leader said that this signifies no more than a political conviction and a certainty that the position is juridically unassailable. "Those who expect me to assume the posture of a hero or a martyr will be disappointed. I don't have the slightest vocation for a either of those roles," declared Jose de Almeida.

EXPRESSO has learned that his trial will not take place for another 3 or 4 months.

12942/12232

Iraqi Intervention Charged in Lisbon Islamic Community
35420106b Lisbon SEMANARIO in Portuguese
25 Jun 88 p 20

[Text] Elections in the Islamic Community of Lisbon have been challenged, and the Iran-Iraq war seems now to be having repercussions in Portugal. The Ambassador of Iraq is accused of manipulating the elections.

According to various members of the community, "the Ambassador of Iraq in Portugal, Abdo Al-Dairi, manipulated elections in the governing entities of the Islamic Community of Lisbon." Of the 1,500 members, 80 percent did not vote.

Held last Sunday, the elections offered a single list, which was sponsored by the Ambassador of Iraq and appeared to be based on a consensus. The president of the General Assembly was Suleiman Vally Mamede, founding member number 1, and in the Fiscal Council appeared the name of Mussa Omar. These two were leaders of two parallel groups, and for 3 years each claimed to be the representative of his group. Now they appeared on the same list, which also presented for president the name Abdool Majid Wakil, founding member number 2.

"Some of those on this so-called consensus list are happy with the solution but were forced to put their names to it. They were obliged to do so by the Iraqi Ambassador, who threatened to accuse them of being responsible for internal warfare within the CIL (Islamic Community of Lisbon)," said Faruk Aly Gadit, who thinks that "the Iraqi Ambassador only wants to throw dust in our eyes in order to use the CIL to win points in his country."

Aly Gadit, who is also an ex-leader of the CIL, is now challenging the elections, alleging illegalities both in the electoral process and in the formation of the single list.

"I only want to defend, with intransigence, legality within the CIL. I think it very serious that the Iraqi Ambassador, who imposed himself as coordinator of the administrative committee, should not respect the laws of this country. He was a dictator. If in Iraq any citizen were to call attention to illegalities, he would be shot. Here, no."

According to Faruk Gadit, in addition to the various procedural illegalities, the candidate for president of the directorate could never even run for the office. This is because he has lived in London for 9 years, and under the terms of the statutes only those professing the Moslem religion who reside in Portugal can be active members of the Islamic Community of Lisbon.

Member of the former directorate of the CIL, active in the PSD (Social Democratic Party) and high ranking civil servant, Faruk Ali Gadit was on an initial consensus list only to have his name vetoed by the Iraqi Ambassador, who alleged that Faruk is a sympathizer with the cause of Iran.

Contacted by SEMANARIO, the historic founder of the CIL, Suleiman Vally Mamede declined comment on what, however, he considered "a sad situation."

12942/12232

SWEDEN

Long-Range Trends, Voter Concerns Analyzed in Poll Reports

SDP Gaining Younger Voters

36500138 Stockholm DAGENS NYHETER in Swedish
3 Jul 88 p 9

[Article by Sven Svensson: "Stay-at-Home Voters Hope of MP"]

[Text] More than any other group, it is the stay-at-home voters from the last elections and the first-time voters who indicate that the Environmental Party [MP] is the best party. This was indicated by a semiannual report from DN/IMU [DAGENS NYHETER/Institute for Market Research]. If the same percentage of their supporters vote this time that voted in 1985, the Environmental Party would fail to obtain the required 4 percent of the vote for representation in parliament, despite a sharp increase in voter support.

The study is a compilation of five voter barometers from 25 January to 8 June and it includes a total of 4,500 voters. Of this number, about 350 indicated that the Environmental Party is the best party. Just under 50 of the voters who gave their support to the Environmental Party this spring actually voted for the Environmental Party in the parliamentary elections of 1985.

On average, during the first half of the year the Environmental Party received the support of 7.2 percent of the voters. This is about twice as much support as it received before the 1985 parliamentary elections. If the party loses the same percentage of support to other parties as it lost 3 years ago, the Environmental Party would receive 3 to 3.5 percent in the elections of 1988, IMU points out in its report.

The Environmental Party received 1.5 percent of the votes in the parliamentary elections of 1985. When it came time to vote, of the voters who indicated in IMU voter barometers before the 1985 elections that the Environmental Party was the best party, 31 percent returned blank ballots or stayed at home, 30 percent voted for a nonsocialist party, and 26 percent voted for either the Social Democrats or VPK [Left Party Communists].

FP Gained Most

Within the nonsocialist bloc, the Liberal Party [FP] gained the largest number of MP supporters in 1985 with 13 percent, while the Conservatives received 10 percent and the Center Party 8 percent.

Within the socialist bloc, the Social Democrats gained 20 percent of the Environmental Party supporters and VPK 7 percent.

Of the 7.2 percent who have indicated in 1988 that the Environmental Party is the best party just over half, 55 percent, are sure they will also vote for the Environmental Party. Fifty people included in the sample voted for the Environmental Party in 1985 and 81 percent of them remain loyal to the party in 1988.

Leading up to the 1985 elections, the Environmental Party has increased its average support by 5.7 percent to 7.2 percent.

The largest additional group of supporters comes from those who stayed at home in the last elections and from first-time voters. In addition, the socialist bloc has lost 2.2 percent and the nonsocialist bloc 2.5 percent to the Environmental Party. The Social Democrats are the single party that has lost the most supporters to the Environmental Party at 1.6 percent. The Liberal Party is second with 1.0 percent, followed by the Conservatives at 0.8 and the Center Party with 0.7 percent.

Preponderance of Women

A preponderance of those indicating that the Environmental Party is the best party are women. There is also a large number in the age group up to 45 years of age. Many have more formal education and live in big cities or in the country, but few live in medium-sized towns. In addition, many are students or are not currently working.

Of the total sample of just over 4,500 voters, 49.5 percent were women. Of the approximately 350 voters who indicated that the Environmental Party is the best party, 58 percent were women.

Out of the total sample, 28 percent were in the 30-44 age group. Of those supporting the Environmental Party, 38 percent are in this age group, but only 11 percent are in the 60-74 year bracket.

In the sample as a whole, 15 percent had university-level training. Among Environmental Party supporters, 22 percent had such higher education.

While 27 percent of the total sample live in big cities, 31 percent of the Environmental Party supporters belong to this group and while 27 percent live in sparsely populated areas, 29 percent of the Environmental Party supporters are from such areas.

Greatest Increase

According to the semiannual report, the average figures for support for the various parties are 17.9 percent for the Conservatives, 15.8 percent for the Liberal Party, 11.7 percent for the Center Party, 1.0 for KDS [Christian Democratic Party], 41.8 for the Social Democrats, 4.4 for VPK, and 7.2 for the Environmental Party. This means that the Liberal Party and the Center Party are

above their 1985 election results, the Conservatives and Social Democrats are under their 1985 level, and the Environmental Party had the greatest increase.

Party loyalty dropped from the spring of 1986 to the spring of 1987 for all parties except VPK. From the spring of 1987 to the spring of 1988 party loyalty remained stable at around 75 percent for the nonsocialist parties and at 88 percent for the Social Democrats, but dropped to 64 percent for VPK.

The voter base of the Liberal Party changed the most during the spring. Only 63 percent of the voters who supported the party in the successful elections of 1985 are still among supporters of the party.

Consequently, the Liberal Party has experienced a large influx of new voters, mostly from the other two nonsocialist parties, but also from the Social Democrats.

Uncertain for VPK

This high degree of mobility makes it difficult to judge the position of the Liberal Party before the upcoming elections. Mobility can mean chances for an increase, but also for a reduction in votes.

The position of VPK is also uncertain. Statistics indicate that one out of five of the people who supported VPK before the 1985 elections voted for the Social Democrats. They could return to VPK to save the party's representation in parliament, but this would reduce the results of the Social Democrats.

The probable result is that VPK will clear the 4-percent hurdle with the help of "4-percent comrades."

The average IMU figure for the Center Party, 11.7 percent, is high. A repetition of the 1985 election results of 10.1 percent would have to be seen as a success for new party leader Olof Johansson.

Still, there is no indication of a systematic overrepresentation of the Center Party in the IMU voter barometers. In any case, the voter barometers taken before the 1985 elections and the election predictions did not overestimate the Center Party's figures.

Youth Support MP

A breakdown of party supporters into various subgroups of the electorate indicates, above all, that the Social Democrats have strengthened their position in the 15-24 year age group since the 1985 elections. In this group, 44.5 percent now express support for the Social Democrats, compared to just 33 percent 1 year ago.

A special run including first-time voters only between 15 and 18 years of age, however, shows less support for the Social Democrats and more support for the Conservatives.

Support for the Conservatives in the entire 15-24 year age group dropped from 18 to 24 percent and for the Liberal Party from 25 to 15 percent. The Center Party increased somewhat from 4.6 to 6 percent, but has a long way to go to reach its average figure. The Environmental Party remains at 12 percent, clearly over its average figure.

The position of the Social Democrats among pensioners, on the other hand, seems to have deteriorated: 44.5 percent now indicate support for the Social Democrats, compared to 47.5 percent 1 year ago. At the same time, the Conservatives dropped from 19 to 17 percent and the Liberal Party from 15.5 to 14.5 percent, while the Center Party rose from 11 to 15 percent. The squabble surrounding compensation for the devaluation effect may explain the decline in support for the Social Democrats. The increase for the Center Party may be due to that party's support for improvements for pensioners with the lowest pensions.

Households with children up to 15 years old also showed less support for the Social Democrats: from 43.5 percent of the support 1 year ago to 41.5 percent.

On the other hand, support for the nonsocialist parties in this group is on the rise. The Liberal Party rose from 15.5 to 18 percent in support among families with children, the Conservatives increased from 14 to 15.5 percent, the Center Party from 9.5 to 10 percent, and the Environmental Party from 9 to 11 percent.

This change may mean that the nonsocialist parties' proposal that child care allowances for parents with small children be increased is popular among families with children.

Environmental Concerns Over Economic

36500138 Stockholm DAGENS NYHETER in Swedish
6 Jul 88 p 2

[Commentary by Henry Bergstrom: Social Democrats' Issues Less Important in Elections"]

[Text] Since 1976, SIFO [Swedish Institute for Public Opinion Polls] has studied the issues in which voters are most interested. The major change in 1988 is that unemployment, the leading issue in all previous elections, has dropped to seventh place.

Ingratitude is a government's reward. If the economy is going poorly, a government suffers politically from unemployment, austerity measures and the like that follow (unless the opposition acts in such a foolish manner as it has in England where, in practice, the opposition has abdicated its claim to be considered a serious alternative). If the economy is in good shape, then this does not guarantee political success for the

government. For then, political interests, the "agenda," shifts to other topics. And on these topics, it is not certain that the government has the majority of the voters on its side.

In this way, politics has a complementary nature with respect to conditions in society as a whole. Problems arise that, in reality, are always there, ready and waiting. Other problems disappear because they have become less important or topical or are now being dealt with in other arenas.

It is this relationship that is reflected in a new SIFO study (commissioned by ARBETET and SVENSKA DAGBLADET) on issues in which the citizens are particularly interested leading up to the fall elections. As in similar studies before previous elections, the respondents were allowed to list up to five issues. Still, only one out of four voters mentioned unemployment, by far the leading issue in all previous Swedish polls throughout the seventies and eighties. With an unemployment rate of just 1.5 percent, with plenty of job openings, and with industry and investments taking off, according to SCB [Central Bureau of Statistics] and the National Institute of Economic Research, the new priorities of the voters are understandable.

The environmental issue has taken over first place. One conclusion is certain and of great importance: when the economy is in good shape, environmental demands have the greatest chance of coming to the fore, with their full force. Economic crises and conditions of imbalance have a tendency to shorten people's time perspective and distort the public debate. It follows from this that anyone who really wants to make major advancements in the environment must also have a valid program for the economy.

The fact that an issue is indicated as being important by many voters does not necessarily mean that it will be of great significance to the outcome of an election. A number of additional conditions must be fulfilled before a position on the issue will lead to action by a party. In his recent dissertation on the issue of wage-earner funds, Mikael Gilljam of the University of Goteborg analyzed these conditions. He lists seven requirements that must be fulfilled before voters will base their vote on an issue. These requirements form a kind of election issue obstacle course. Gilljam has concluded that in recent elections the issue of wage-earner funds has been the most important single issue, even though it has been far down on the SIFO list of issues in which the voters are most interested.

Simplifying Gilljam's conditions somewhat, we may say that, in addition to knowing an issue and considering it to be important, a voter who bases his vote on that issue must also believe that Swedish politics has a solution to the issue, he must see that the parties differ on the issue, and he must have his own point of view on the issue, which he holds with a certain amount of intensity.

If economic problems are seen as depending primarily on the world economic situation, environmental problems on emissions from the continent, unemployment on individuals, and juvenile crime on lax upbringing by parents, then there is little reason to let these issues govern the election of parliament and the government. If all the parties are perceived as having approximately the same approach to an issue, such as "the environment" or "peace," then why would anyone vote for one party rather than another? And if one has no definite and strong feeling on an issue, then that issue will hardly determine how one votes.

What, then, is the situation with the issues in which the voters are most interested in 1988, according to SIFO? The voters have strong feelings concerning environmental issues, this we know. We also know that the voters believe that environmental problems may be linked to political action in Sweden, when it comes to industrial emissions, overfertilization on farms causing pollution in lakes and streams, etc. And half the voters point to one party, the Environmental Party, as being better than the others on environmental issues (even though they may not know exactly what that party is proposing). The SIFO survey has confirmed that environmental issues will have a genuine effect in this election.

Law and order, health care, and taxes are the next three issues on the list of voter interest. Law and order and taxes are clearly issues that favor the nonsocialist parties. On the issue of health care, voters have great confidence in the Liberal Party, the Social Democrats' most serious competitor for marginal voters between the two blocs. On the other hand, the three great issues of the Social Democrats—employment, the economy, and payments by the welfare state for pensions, sick pay, etc.—are farther down on the list.

The Social Democrats want to avoid basing their election campaign on "scandals," but it is not certain that a campaign based on the issues that are of greatest interest to the voters would provide a victory for the governing party.

09336

TURKEY

Ecevit Defends Kurdish, Others' Right To Form Parties

35540165c Istanbul HURRIYET in Turkish
20 Jun 88 pp 3, 20

[Article by Atilla Korkmaz: "Ecevit's Kurdish Views"]

[Text] Diyarbakir (HURRIYET News Agency)—Bulent Ecevit, the former head of the banned RRP [Republican People's Party] and DLP [Democratic Left Party] and a former prime minister, stated, "Many Kurds do not support the idea of an independent Kurdish state."

Bulent Ecevit, who responded to the questions of Joris Cammelbecek, a known expert on the Middle East and reporter for one of the largest newspapers in Holland, DE VOLKSKRANT, revealed his views on the ethnic question, extremist religious groups, the union of SPP [Socialist People's Party] and DLP, and political developments in Turkey.

In the article, which appeared in Turkish translation in THE KURDISTAN PRESS published in Sweden, Ecevit also said, "A great many Kurds do not favor an independent Kurdish state." In response to a question by Cammelbecek, Ecevit, defending the necessity of giving an opportunity to every ideology to found parties, stated the following:

"The subject of the banned Kurdish parties being given this opportunity is an entirely different question. We are very sensitive about matters concerning our national unity. My party does not support the creation of parties founded on an ethnic basis. The majority of the Kurds are not in favor of a separate Kurdish nation. Some of the problems have their source in the semifederal structure in Southeast Anatolia. Others arise from the divide-and-conquer policy of the great powers in the Middle East. A number of Kurds hold positions at high levels in the army and in the ministries. If they had had their own party they could not have been represented better than this. The Kurdish problem is, at bottom, social, economic, and, most important, cultural. I am absolutely opposed to that absurd article (which forbids minorities from speaking their native languages) inserted into the Constitution by the military government. Most nations have ethnic problems. But, with the exception of Middle Eastern countries, it constitutes for each of them an internal problem. In the Middle East, however, the problem is an international issue. For example, the problems of the Basque, the Irish, and Corsicans are not international problems but that of the Kurds is."

In response to a question regarding what President Kenan Evren stated in his last speech at Trabzon, Bulent Ecevit—asserting that those statements were related to how the second Ozal government would be formed—replied, "If elections had been held this year, the results that ANAP [the Motherland Party] would have obtained would have been negative. In any case, for example, despite the rapid growth of the opposition against the government, it was a political alternative. Evren's speeches would have created chaos and in this chaos the army would have seized power. Ozal's enthusiastic reception of these statements created an adverse reaction. Everyone attacked them."

Military Regime Grants Concessions to Extremist Groups

In the same article, Bulent Ecevit also talked about the position of extremist groups in Turkey. Ecevit, noting that fundamentalist [as published] (extremist religious groups) movements were rather recent phenomena in the Middle East, explained:

"They concern all the countries in this part of the world. It is fortunate that their influence in Turkey is small. No matter how much the army believes in Ataturk's principles of secular government, the military regime granted concessions to fundamentalists, regardless of whether or not they had political power. After the takeover, a hiatus occurred in democratic practices and in its relations with the West. The government focused its attention much more on the fundamentalist nations.

"When a democracy is in an adequately good running order, fewer concessions will be granted to extremist religious groups."

On the subject of SPP and DLP, Ecevit, noting that there were various differences between the two parties, gave no concrete response.

12575/6091

75 Guns Impounded in Samsun Raid
56002558c Istanbul GUNAYDIN in Turkish
6 Apr 88 pp 3, 9

[Text] Members of the Samsun Arms and Ammunition Squad have arrested six of the eight-member smuggling gang along with 75 guns and 4,500 rounds.

Following a tip-off, the police, assuming the role of buyer, established connection with the arms traffickers. After negotiations, agreement was reached regarding price: TL300,000 for the 9-mm guns, TL200,000 for the 7.65-mm guns, and TL50,000 for a box of rounds.

The operations, which started in Samsun, were extended to Trabzon and Giresun, and six members of the gang were apprehended together with their cache. The two gang members who have escaped are being sought.

In a statement issued by Samsun Police Department it is said that the captured cache of armaments was of pre-12 September vintage.

12466

ITALY

Military Aviation Planned Use of A-129 Helicopters; Other Plans

35280149 Rome AERONAUTICA & DIFESA in Italian
Jun 88 pp 22-27

[Interview with Major General Sergio De Ros by Claudio Tatangelo]

[Text] Many years have passed since 1951, now so long ago, when a handful of Army officers began to carry out the first experimental flights in yellow Piper L-18s with civilian registration at the Bracciano Artillery School, to check out targeting in direct support of field batteries. Since then, there have been great changes in the equipment as well as the philosophy of its use in this special branch.

Today, the Army Light Air Force (ALE) is about to begin a new operating cycle that will put into use the first models of the A-129 "Mongoose" ["Mangusta"], helicopters designed entirely in Italy that are "dedicated" to antitank combat. On this topic and on the future of this now indispensable "third dimension" of the Army, we interviewed Major General Sergio De Ros, ALE Inspector.

[Question] What does the upcoming entry into service of the A-129 "Mongoose" antitank helicopter mean for the ALE?

[Answer] This year the Army will receive delivery of the first A-129 antitank helicopters. For the ALE, this achievement marks an event of exceptional importance because with the new equipment flight groups will be established that have a highly effective intervention capability.

If we consider the results of the specific studies conducted in the US to be valid, in which it was found that in combat an antitank helicopter is capable of neutralizing or destroying 20 enemy tanks before being knocked down itself, we can get a clear idea of the power in this equipment. Obviously, we mustn't overlook the high cost-effectiveness ratio of this type of action, which is closely linked to the number of available helicopters, for which reason the use of units that are supplied with A-129s will actually be made only in extremely critical circumstances that cannot be confronted with the use of traditional equipment.

We should not forget that, to ensure the greatest efficiency of use, the action of the antitank helicopters should always be backed up with information and protection measures. This is why the A-129 antitank copters will also operate with A-129s in the "scout" version, so as to constitute mixed patrols that should be considered the basic operating tools in antitank combat.

With regard to the use of an attack group, the unit, well-supplied in its basic components (squadrons) and fully in balance with regard to the types of machinery (antitank A-129s and A-129 scouts), represents a flexible tool capable of ensuring:

—the composition of numerous mixed patrols (two antitank and one scout) so as to allow the attack helicopters to expose themselves to an enemy attack for the amount of time which is strictly necessary to carry out an attack, while the scout—as a corps guard—furnishes the appropriate information, at the same time as it ensures coverage from the threat of enemy helicopters with superior commands;

—use in successive, uninterrupted waves, by means of the coordinated action of three units that alternate fire with:

—one squadron to attack objectives;

—one squadron in flight while awaiting orders to intervene; and

—one land squadron with the Forward Arming and Refuelling Point (FARP) for refueling and resupply of ammunition and fuel;

—unified mission, whenever particular circumstances require complete or very intense deployment along a broad front for fire action of short duration.

[Question] What is the expected stage of operations for the ALE in years to come and what is the greatest threat that must be confronted?

[Answer] As stated in the White Paper on defense, military security and strategy policies are established in the political sphere. In this circumstance, the ALE will be employed in the area of the North-East theater, in the operative defense of the country and in peacetime actions for security and civilian protection.

It follows that the ALE units, being a part of the Armed Forces, will give priority to missions relating to aerial mobility for transport of tactical units and attack missions employing the A-129 units. On the Italian peninsula and islands, the flight units, as part of the Military Regions, will be involved in coastal surveillance activities and actions related to aerial mobility for eventual small-scale landing and airdrop operations. The ALE units' outstanding flexibility and noteworthy speed of intervention permit their utilization in real circumstances and make them fully responsive.

With respect to international security actions I wish to mention that ALE is present in Lebanon with the UN where the ITALAIR squadron is operating, and that every year it participates in the Allied Mobile Force

(AMF) of NATO's European Command. Also, the helicopter component of the ALE takes part in the FIR with CH-47 medium and multipurpose AB-412 helicopters capable of very quickly reaching any location in Italy.

The Blue Specialty of the Army is always ready for civilian protection as well. I refer to the Quick Intervention Operating Force (FOPI) and especially to Italy's real need for operations to assist the civilian population in the case of natural disasters. Last year, La Valtellina really put us to the test and our crews operated with a high degree of professionalism, full availability and noteworthy courage. In order to give you a concrete idea of the dimensions of ALE's contribution to civilian protection, I can mention that in 1986, 5.6 percent of ALE's total activities were devoted to civilian protection with:

- 350 flight hours for injury victim assistance;
- 600 flight hours for transport of individuals and supply of materials;
- 1,700 flight hours for firefighting activities;
- 130 flight hours for surveillance and inspection of disaster areas, for a total of 1,450 missions; 2,780 flight hours; 3,600 persons and 5,200,000 kilograms of material transported.

[Question] How do you plan to confront the threat of the new Soviet attack helicopters? Do you foresee use of the Mongooses in an air-to-air role?

[Answer] The problem of air-to-air helicopter combat is a current one: The specialized press is talking about it but little is actually known. There is no doubt that in addition to the numerous operating problems there is a new problem that will ultimately complicate the rules of the game. With such a considerable number of helicopters, it is quite probable that there will be encounters/combat against enemy craft. But here we must make a distinction concerning:

- defense against enemy helicopters by a helicopter unit that is undertaking an attack mission; and
- intervention against enemy helicopter units that have penetrated into our territory.

In the first case we are dealing with defending the formation itself by intervening with scout helicopters (armed with air-to-air missiles) that have been inserted into the mixed patrols or by employing, if available, the armed escort with antihelicopter capability. In the second case, on the other hand, the problem is quite different since we are trying to neutralize, very quickly, an extremely mobile formation. There is no doubt that the best solution would be to intervene with an "ad hoc" helicopter formation, with air-to-air weapons, but in real operating conditions, the number of means in question

would be strictly adjusted to the land needs alone. It follows that it will be necessary to intervene with artillery by saturating wide areas with timed shots if the helicopter unit is flying very low, or by intervening with surface-to-air artillery or with means of the Air Force in the case that the flight path involves spaces that are not so close to the earth.

In any event we are dealing with a current problem that should be solved adequately if we consider that, over the last decade, soviet tactical aviation has been transformed into a typically offensive structure in which combat helicopters have been very significantly increased.

[Question] The ALE was born 37 years ago to ensure a means for advance observation for artillery targeting. Will this role be retained for the future or do you plan to delegate it totally to the RPV that we are now purchasing for the SORAO subsystem from CATRIN?

[Answer] The current thinking about the use of the ALE foresees, among its various tasks, local area observation and target area observation, meaning, respectively:

- unified control of an area combined with close-in reconnaissance and patrolling;
- extending the depth and breadth of the observation, giving it greater flexibility and adapting it in time and space to actual circumstances.

This activity is carried out by the measured use of aircraft, which in the future will become continually more sophisticated and will be equipped with technologically advanced electronic surveying systems capable of constituting actual sensors to be combined with or completed by all those provided in the SORAO subsystem (long- and medium-distance drones, RPV, land radar, laser telegoniometer, phonotelemeters, etc.).

In particular, I am referring to radar in the helicopters for field surveillance of battle, with which the multipurpose AB-412 helicopters will be equipped as provided in the SORAO project; the possibilities offered by the future scout helicopters, derived from the A-129s, especially equipped for: search, identification and determination of the targets, even under low visibility conditions (passive infrared viewers, laser telemeters, IMS systems for automated data processing) and their automatic determination of the source of enemy fire, helicopters and/or artillery presumably armed with computerized target-seeking rockets and missiles; and also for combat against enemy helicopters for protection of the A-129 antitank helicopters.

At present, while we are awaiting the specially equipped aircraft, local area observation, and target observation is carried out using substantially traditional systems. All the ALE pilots receive specific training for this purpose, enabling them to reach their objectives, adjust the firing of the artillery and also carry out firing in "tactical

flight." Also in the other armed forces and especially in the US Army Aviation, the need for aerial target observation is considered particularly great and is mainly carried out using the OH-58D/AHIP helicopter with the assistance of artillery personnel (officers and noncommissioned officers) who are specialized in observation.

[Question] We have been able to observe in recent joint exercises the means of both the ALE and Air Force carrying out SAR combat missions. Do you feel that the cooperation between the two armed forces in adequate in these operating fields? Should it be increased or modified?

[Answer] Recently, an exercise was carried out under the auspices of the Air Force with the contribution of armored Army helicopters. It dealt with the recovery of a downed jet pilot by an Army Aviation (AM) helicopter aid squad protected by two AB-205 armored helicopters of the Italian Army.

The recovery of downed pilots behind enemy lines, whatever armed force they may belong to, constitutes a problem that has no simple solution, since it is necessary: to locate the zone where the pilot or crew was downed; to have specific information on the enemy situation; exercise local air superiority by coordinated use of airplanes and/or armored helicopters and to have helicopter squads that are specially trained in the recovery of injured personnel and the defense of the surrounding zone.

I hope that in the very near future the problem will be addressed at the interforce level by setting out a definition and experimentation with standard procedures.

[Question] Firefighting activity in cooperation with the civilian protection forces seems to be particularly continuous and thus quite a burden. Three CH-47 helicopters purchased for this purpose with funds of the Civilian Protection Department have been delivered to ALE. What is the situation and the outlook in this regard?

[Answer] The ALE has always been involved in firefighting activity.

There is no doubt that this activity has operating and organizational aspects that are particularly burdensome.

It seems appropriate to specify that, in recent times, Civilian Protection has taken charge of satisfying on its own some firefighting activities and cooperation and rescue activities, lightening the load of ALE, which nevertheless remains quite heavy considering that, in the summer months, multipurpose helicopters and medium transport helicopters are operating all over Italy and particularly in Sardinia.

[Question] But the Air Force has given its four CL-215 aircraft to a company, SISAM. And you?

[Answer] We do not foresee this in ALE, since the Civilian Protection CH-47s increase the size of an already existing flight line so that the consequent logistical and technical load is more easily absorbed.

[Question] Will a new role be created for operators assigned to Mongoose weapons systems?

[Answer] The problem has been posed in the ALE area since the beginning of the "A-129 Program." Since there are no similar experiences in this field, it has been explored in analogous environments seeking an optimal solution. In Italy, the AM was able to solve the same problem with the Tornado, adopting the solution of creating an ad hoc role, inserting into the navigation role the "navigator-weapons systems operator" officer. Elsewhere, only the US has had to solve a similar problem with the AH-64 crew; at first, the training was given using different criteria for the two crew members, not requiring the pilot to be able to employ the weapons systems and not requiring the operator to be a qualified pilot. This solution undoubtedly had the advantage of shortening the crews' training schedules. But the results did not live up to expectations, because when it came to evaluating the equipment in practice, a number of problems arose that showed that the specialized roles were not advisable.

The Italian Army in the meantime had also reached this conclusion, deciding to provide training in a similar way. The considerations that led to this solution were: the possibility of utilizing all the available aircraft, even with the differentiated loss or unavailability of members of the crew; the possibility of recovery of the helicopter in the case of injury or death of the pilot, since there is a "dual command" in the position of the systems operator; the interdependence of many functions in the use of the machinery between the pilot and systems operator that would be translated into small differences in the training programs of the two members; greater cohesion between the members of the crew because each one knows perfectly the other's problems; and above all the standardization of training programs.

[Question] What are the future programs of the ALE and what is the evaluation of the new technology of the V-22 Osprey type convertiplanes?

[Answer] At this time there are no plans for the future involving eventual procurement of the convertiplanes because the problems we face are so great in number and all of them are very complicated. To get back to your question, I can say that I am marginally familiar with the technical problem of the Bell/Boeing V-22 Osprey.

My own feeling is that in the future the convertiplane will not replace the helicopter, at least with respect to tactical aerial mobility closely connected to direct support of land operations.

I believe that the convertiplane is a piece of equipment that could be included in ALE flight lines in order to confer upon the Special Forces an operating capacity with a broader tactical-strategic dimension.

[Question] Do you feel that the current composition of ALE is appropriate for the country's needs in both the primary mission of defense and in the not less important mission of civilian protection?

[Answer] The ALE, which was formed way back in 1951, has now been in existence for 37 years. This is both a little and a lot of experience, during which the young Specialty has been able to assert itself with great determination by operating at all times with impassioned fervor and unquestionable expertise. The 12 decorations for Military Valor and Civilian Valor that grace ALE's banners, together with very numerous testimonials to courage and expertise conferred upon our flight crews, witness the superb image of the Blue Specialty.

The organization of the current units of ALE, which is divided into components for liaison and observation (SM-1019, AB-206 and A-109), for light tactical transport (multipurpose line differentiated in the type of equipment) and for medium transport (CH-47), seems overall to respond satisfactorily to the multiple operating needs of land units. The purchase this year of the A-129 line will make ALE fully able to operate with capability of efficiently confronting large armored enemy formations. Moreover, in the medium term, sometime during the next decade, the multipurpose line and the medium transport line will be increased with the purchase of NH-90 and EH-101 helicopters that will be able to improve our air mobility index to levels that meet real needs of the European armies in NATO.

This tool for efficient operation in the modern battlefield will necessarily be part of an appropriate and responsive command and control system, so as to allow the airborne forces to maneuver and fight while cooperating with the surface units and with the air-tactical direct support forces.

For this purpose, a comprehensive field organization will be utilized, based on:

—a network of medium-, low-, and very-low altitude radar sensors;

—a network of special sensors for positioning of the units and aircraft in flight;

—a reporting, command and control center;

—various control centers; and

—various operation rooms placed at various command levels.

The program we have delineated, which altogether embraces the multiple qualitative and quantitative aspects of the machinery and means of planned acquisition and the necessary organizational expansion to be conferred upon ALE in upcoming years will bring the Army's Blue Specialty to outstanding results for the next century.

[Question] Future outlook for the fixed-wing component. Will ALE continue to be "light"?

[Answer] At present, the fixed-wing line of ALE is comprised of Cessna L-19 and SM-1019 airplanes, which number about one-fifth of the total fleet. In particular, the light airplane is employed in the performance of complementary activities. The greater autonomy of this means allows us to carry out long-distance liaison missions, extended surveillance, topographical and aerial photogrammetry surveys, X-ray surveying, aerial refueling and so on. Future expansion of the fixed-wing line is not ruled out for use in greater liaison missions, paratroop drops, and special topographical surveying for the Military Geography Institute.

To respond to the second question, relating to the way in which the Blue Specialty will be characterized, I must mention the helicopter unit which, as discussed, represents almost the entire ALE fleet. Taking into account the current presence of the CH-47 line, the large multipurpose line, and considering the future increases in highly sophisticated machinery, I believe that the question you have asked has only one answer! In view of this rapid development, the Specialty must necessarily transform itself into a Branch, assuming the name of Army Aviation, leaving behind the adjective "light" that characterized the pioneering periods of the yellow pipers with civilian registration and with identification initials that were the same as the pilot's monogram.

[Question] The 1019 and its successors?

[Answer] We need to see the exact size that the ALE will have reached over the next 10 to 15 years, and on this basis, we will be able to see whether we can do without a fixed-wing component. The fixed-wing craft should not be thrown away. It is determinative especially for long-distance liaisons without restraints on their independence.

13331

PORTUGAL

General Staff Chief on Lack of Resources, Military Service

35420121 Lisbon DIARIO DE NOTICIAS
in Portuguese 22 Jul 88 pp 2, 4

[Interview with National Forces Operational Commander Gen Lemos Ferreira, by Eduardo Mascarenhas; date and location unspecified]

[Excerpt] Gen Lemos Ferreira thinks that the readiness status of the Armed Forces' three branches shows a low level in comparison with what is demanded of them by

NATO requirements. He made this claim in the interview that he granted to DN, adding that the Air Force is the branch "with the worst status of all," because of a constant reduction in funds for maintenance and operational purposes. Speaking in the capacity of operational commander of all the national forces, Gen Lemos Ferreira defends the streamlining of facilities, and takes a stand against the possible creation of "organic air forces" in the Army and Navy.

[Question] What is the Special Forces Brigade, now called a Light Intervention Brigade, and what role is reserved for it, either in the area of autonomous defense or in that of the international commitments assumed by our country?

[Answer] The response has already been partly given previously, and I presume that it has been the recognition of our current small size and corresponding objective requirements that has prompted the Army authorities to change the name of the Special Forces Brigade to Light Intervention Brigade.

The latter does not yet have a mission defined on the more authoritative level in the context of autonomous defense; and, in my opinion, as operational commander of all the national forces, albeit through other command echelons, the situation will not be satisfactorily clarified until all the general national defense plans have been completed.

As for the commitments assumed or to be assumed in the context of NATO, I discern no application for the so-called Light Intervention Brigade; and I should add that I don't know exactly to what the designation refers, nor the operational objectives aimed at with its creation.

[Question] In military circles associated with the Army, it is claimed that this brigade has airborne features.

[Answer] If the classification "Intervention Brigade" is intended to mean "Airborne Brigade," then the answer becomes easy, because Portugal does not have, and never will have the air resources, in this case, helicopters, for meeting such a requirement which, besides being extremely expensive, are unnecessary, given the type of threat and the narrowness and lack of depth of the continental territory.

It may also be fitting to note that the general defense plans for the Azores and Madeira archipelagoes do not call for the operational use of units of the aforementioned type.

Constant Budget Cuts Hamper Readiness

[Question] An excessive number of accidents have also occurred in the Air Force. Is the readiness level low? As operational commander of the Armed Forces, what analysis do you make of the state of readiness of the three branches?

[Answer] All the Armed Forces branches have relatively low levels of readiness in comparison with what is demanded of us by NATO requirements; an alliance to which we have belonged since its founding. However, it so happens that the Air Force is the branch with the worst status of all, as a result of the general shortage of personnel, compounded by early discharges in various sectors, particularly in the pilot category, to which must be added the constant cut in budgets for maintenance and operational purposes.

This very negative overall picture, which has become worse from year to year since 1982, would inevitably have to lead to the state in which the Air Force finds itself at present; the NATO Air Force, moreover, is the one in which there is regularly less flying and in which the readiness level is one of the lowest, if not the worst, and the one with the highest accident rates, currently ranking second in this unfortunate respect.

It is obvious that "fewer flight hours/insufficient training" and "more accidents" are directly interconnected and, if the situation continues in this direction, within a few years there will cease to be an Air Force, with the results that can be imagined in the country's capacity for affirmation in the regional context and as a member of NATO.

[Question] The period for rendering military service is going to be shortened. With what consequences for the system of forces and equipment?

[Answer] The problem is more than well known, both in the severe exacerbation of missions and in the added difficulties caused in the area of military defense. Since this has been a policy decision and not the result of a proposal originating on the military side, there is no comment to be made.

[Question] Bearing in mind that the personnel used by the Armed Forces require increasing scientific and technical training and specialization, wouldn't the professionalization of the military be desirable instead of the current hybrid system, in which persons performing compulsory military service predominate?

[Answer] One of the features most widespread among us in recent years is that of making constant reference to citizens' rights, freedoms, and guarantees; this may be correct, but it would seem even better if, concurrently, mention were made with the same persistence of responsibility, assiduousness in the tasks for which each individual is responsible, effective productivity, quality of work done, etc.

There is also a great deal of talk about the so-called "European challenge," but less stress is placed on the fact that it is only through dedicated and useful work, through quality, and through the dedication of each and every person that it will be possible to become a "winner" in the "challenge" that is under way.

To a certain extent, the ordinary citizen's perception of compulsory military service suffers from the aforementioned circumstances along general lines. Since it is understood by many as an "obligation" that is also a personal "sacrifice" relating to the society to which we all belong, the general proclivity is toward wanting others to render it, instead of ourselves.

The strange part about all this is that many of those who don't "like" compulsory military service admire Switzerland and Sweden, among the most sociologically and technically advanced European countries, which are not even in NATO or the Common Market, paradoxically, attempt to ignore or not even to share the idea of the "citizen/soldier" that typifies military defense in the Swiss and Swedish nations.

In short, with regard to compulsory military service, what predominates are views of a political type with less interest paid to what the military opinion might be on this issue, faced with the large amount of populism/opportunism that has developed around it.

[Question] Is the lag that has occurred in the revision of the Military Programming Law blocking the execution of the reequipment plans? At what point is the situation associated with the promised aid from the United States, through the "Amendment for the Southern Region" from which Greece and Turkey are already benefiting?

[Answer] As the public observed, bilateral consultations were opened with the U.S. which have continued under government auspices. Consequently, it is not my responsibility, and I don't actually know the current point at which the situation stands. As for the execution of the first Military Programming Law, its materialization in 1988 is currently blocked because of its connection with the aforementioned general picture. So, the revision of the first Military Programming Law, scheduled to take place this year, seems to be waiting for the development of events, with the obstacles implied in your question. In any event, and to date, the backing received by Portugal in the context of the so-called NATO "Amendment for the Southern Region" has been extremely slight.

Organic Air Forces

[Question] There is currently satisfaction in the Navy because it would appear that a guarantee has been obtained from the national defense minister that, whatever the arguments against it may be, the purchase of the helicopters for the three new frigates will be included in the scope of responsibilities of the commission, under the ministry's sponsorship, which is running the program, in contact with other countries, shipyards, and business firms. General, what do you know about this situation?

[Answer] The legal framework existing in the area of air resources, unless there is a better opinion, and without precluding a possible future policy decision to the contrary, is quite clear; in other words, their reception,

operation, and maintenance are incumbent on the Air Force without detriment to all the air-land, and air-naval cooperation stipulated in the law, or dictated by operational requirements to be met.

[Question] Won't such a decision, in the political context, force the creation of an organic air force; because it is also known that the Army, in turn, wants an "air cavalry"? Considering the fact that the financial resources available to the country are meager, and also the blocking of the Military Programming Law, what are the grounds for decisions of this type?

[Answer] The situation that I have just described is the one which emerged from the 1952 policy decision that abolished two "organic air forces," those of the Army and the Navy, in order to merge them simultaneously in the creation of the Air Force as a new branch, with the same status as that of the two existing previously.

As is public knowledge, in 1952 helicopters, light observation and liaison airplanes, etc., already existed; hence, nothing would have prevented the legislators at the time from making a decision to create, on the one hand, a new branch of the Armed Forces, namely, the Air Force, and, on the other, to maintain the "organic air forces" of the Army and Navy, even if their size and the nature of their composition were reduced.

Now, as we know, that is not what happened; and later, during the course of the campaigns in Africa and for over 10 years, the use of helicopters in operations was constant and intense; and no attempt whatever was made to recreate "organic air forces" outside the Air Force, nor were any grounds submitted that could have justified a change in the existing legal framework.

In my opinion, as a military technician and operational commander of the Armed Forces, the situation appears to be simple, and also easy to handle.

In other words, if it was viable to solve the problems confronting us on the basis of the legal framework clearly established in 1952, and reiterated later for a period of nearly 40 consecutive years, including over 10 involving real operations in Africa, then the same legal context should be retained for reasons of consistency, economizing on resources, avoiding worse problems and costs in the training of highly specialized personnel, not establishing avoidable duplications, etc.

If, on the other hand, the fulfillment of the operational requirements through the force of the legal framework in effect were found not to be viable, then the framework should be changed, not based on "blind imitation," which exists for all tastes, but because using a rational solution so advises.

Now, attempting to start with the opposite hypothesis, that is, assuming at the outset that the legal framework is useless, without offering any valid reasons for this, and

deciding, for the personal satisfaction of some, that what exists must be changed, and that the nation must pay the added heavy costs stemming therefrom, unless there is a better opinion, appears to be a mistake in judgment not to be made, for any reason, even if it is being attempted to "christen" the helicopters with names other than "air resources" which, under these circumstances are even highly sophisticated machines capable of having unit costs exceeding a million contos.

After all, the future will tell us what is going to happen.

[Question] The new salary schedules were apparently not well received by very large groups of Air Force cadres. For example, among sergeants it is known that there have been significant movements, with clandestine meetings held, and anonymous letters circulated. Does this mean that the military institution is also undergoing a period of instability, like the health or transportation sectors?

[Answer] Issues relating to salaries are usually delicate.

It is not within the province of military chiefs to decide on salaries, because opinions on this subject, which may or may not be accepted, can only be expressed by those in charge. It should also be noted that opinions per se coming from the military might even never be forthcoming because of an ignorance of the decisionmaking process and of the respective grounds.

There is, in fact, some irritation, particularly among the sergeants, which might expand outside, taking advantage of a situation that may possibly not have pleased many members of the military.

As is normal in such cases, we are attempting to become better informed of the existing situation and, subsequently, to adopt the measures that are warranted, specifically, giving clear information to those entitled to it.

2909

DENMARK

Study Shows Family Budgets Increasingly Squeezed

36130076b Copenhagen BERLINGSKE TIDENDE
in Danish 15 Jul 88 p 6

[Article by Sten Tolderlund: "Not 1 Krone To Spare in the Family Budget"]

[Text] The tax on interest means that an average family in the area of the capital city has a budget deficit this year and only weathers the storm by putting less aside in savings for unexpected expenditures. There is no place for vacation trips in the budget.

A married couple working outside the home and having one child who goes to school and combined incomes amounting to 450,000 kroner will not have 1 krone to spare in their budget this year because they will also have to pay tax on interest now. They can normally have an amount of approximately 290,000 kroner available after paying income tax and tax on interest, but their money is so tight that all their money gets spent.

In fact, the family must record a deficit of 1,277 kroner at the end of 1988 after a tax on interest of 1,358 kroner. If, nevertheless, they still are keeping body and soul together when the year is over, it will be due to the fact that they just barely managed to get the deficit covered, thanks to saving less money for unexpected expenditures, among other things. But now there will be no money if the refrigerator breaks down in the middle of the summer heat or if the television goes on strike during the olympic games.

This example is far from being unique. On the contrary. The situation looks just like that of the average family in the area of the capital city. That is what the calculations that Bikuben has performed for BERLINGSKE TIDENDE show.

Specifically, the average family has committed itself to such considerable expenditures that only the slightest extra expenditure can result in upsetting the budget. Therefore it is no exaggeration to claim that the tax on interest can be the straw that breaks the camel's back for many people.

And so there is no place at all for vacation trips in the budget of our capital-city family and hardly enough for tobacco, either, which takes 9,360 kroner out of the pocket money for all three family members in such a case.

Bikuben states that if this family's economy tightens down still further, there is not much else for them to do but to reduce their payments into a pension account. The

couple pays in 6,000 kroner apiece each year—money that is subtracted from the combined income, in the example, because it is tax-free.

Housing expenditures of 143,101 kroner for the family's house constitute the absolutely biggest item in their budget, but transportation expenses also weigh heavily in the combined budget calculation. They amount to 54,789 kroner.

However, the family cannot do without an automobile because the husband has the use of it in connection with his work. His wife must make use of public transportation to get to her job.

However, the tax authorities play a part in transportation expenses because the family can report a combined transportation deduction of 18,500 kroner on their tax return.

An Average Family's Economy

A married couple's income (after pension payments of 12,000 kroner)	443,248 kroner
Dividend and interest income	1,500
Tax-free income	5,200
Total income	449,948
Income tax for the year	158,870
Tax on interest	1,358
Income available to the couple	289,720
Housing expenses for all-year house	143,101
Fixed automobile expenses	5,156
Automobile loan	19,265
Gasoline and repairs	22,880
Train and bus tickets	7,488
Total transportation expenses	54,789
Insurance	1,560
Union dues	8,320
License, newspapers, and magazines	1,258
Telephone	2,912
Total fixed housekeeping expenses	14,050
Clothing	14,976
Pocket money	9,360
Daily housekeeping	49,920
Planned saving, incl. saving for children 1,200 kroner	4,800
Total budgeted	290,997
Deficit	1,277
09258	

FINLAND

Departing Soviet Ambassador Sobolev on Trade Problems

36500142 Helsinki HUFVUDSTADSBLADET in Swedish 16 Jun 88 p 20

[Interview by Hakon Hellberg and Bo Stensrom: "Finland Ought To Arrange Credits for Shipbuilding Industry"]

[Text] The Soviet Union's ambassador to Finland, Vladimir M. Sobolev, will be returning to his home country this summer after having spent 9 years in Finland as of next Sunday. He will be succeeded, probably in August, by Boris Aristov.

Our relations as neighbors have developed greatly during the term of Ambassador Sobolev, and he does not find even the trade difficulties insurmountable.

If Finland could develop a credit system for its export to the East Bloc countries, the exports of the shipbuilding industry and the other export industries could continue at their present levels.

Ambassador Sobolev does not agree that Finland would have become less important to the trade of the Soviet Union. However, he seems to have found that the Finnish trades and industries have been attracted to the markets in the West during the last few years, especially after the abolition of customs duties.

Volume Increasing

Ambassador Sobolev says that the objective reason for the increase in Finnish-Soviet trade was the increase in fuel prices.

In 1970-75 the trade amounted to 5.6 billion rubles, in 1975-80 it had increased to 12.2 billion rubles and in 1980-85 to upwards of 25 billion rubles. It still amounts to approximately 4 billion rubles annually, despite the decline due to the falling oil prices.

Ambassador Sobolev makes the interesting observation that even though trade has declined by 10 percent during the last 2 years in value, its volume has increased by 20 percent.

Two Roads

"Our export structure (to Finland) is such that the value of oil products exceeds 80 percent," says the ambassador, who sees two roads out of the trade crisis.

Of course, the track could be balanced on a lower level by eliminating the surplus Finnish exports. If this year's Soviet exports to Finland increase to 1.7 billion rubles and the Finnish export is limited to the same amount, the problem will be eliminated.

Ambassador Sobolev says, however, that this causes problems for the Finnish shipbuilding industry and for producers of consumer goods, such as textiles and footwear, as well as for producers of agricultural products.

The Other Road

"In our view, there are possibilities of balancing the trade without restrictions," says Sobolev.

"That solution would involve, on Finland's part, the establishment of a credit institution for export to the East Bloc which would give credits to the shipbuilding industry."

"We have presented such a proposal, and, in our view, it is entirely feasible."

"In that case, the level of Finnish exports need not be reduced."

"The export levels of consumer goods and agricultural products may also be maintained without increasing the Soviet debt on the clearing account."

Nor is Sobolev unfamiliar with the idea of transferring the surplus in the clearing account to an interest-carrying special account, or to the idea of having part of it—and the ambassador stresses the word part—paid for in hard currency.

Increased Cooperation

These are current objectives. For the future, Ambassador Sobolev wants to see new forms of cooperation.

"On the one hand, it might be in the form of compensation purchases, or for example such companies as Outokumpu and Kemira might participate in the mining and processing of phosphoric ore and cobaltiferous ore on the Kola Peninsula. A Swedish enterprise will cooperate in the mining of mica."

The ambassador also eagerly advocates industrial cooperation, such as cooperation in connection with the Rautaruukki Metal Works in Brahestad.

"We might also build such projects in third-party countries," he says, referring to the fact that Finland and the Soviet Union have experts, experience, and current examples.

"We might build nuclear-power plants in third-party countries," the ambassador says.

"Lovisa I and II are in many respects the best ones in the world."

"We might build electric locomotives together," he points out, adding that approximately 120 such electric locomotives are operating well in Finland.

"We might build tractors and forest machinery together."

Negotiations and studies are going on continually, but it takes a long time, in Sobolev's view, apparently too long for the projects to materialize.

Attraction of the West

There have been statements to the effect that countries with hard Western currencies are becoming increasingly interesting to the Soviet Union and that Finland is no longer as important a trade partner as it used to be?

"I do not agree with such an interpretation!" Ambassador Sobolev stresses.

"We understand each other's economy. We are close to one another—the shipments become cheap and convenient, both by rail and by sea."

"Our economies complement each other," Sobolev states.

"Finland gets natural gas from the Soviet Union, and Finland and the Soviet Union have built both nuclear power plants and nuclear powered icebreakers together. It pays to trade with Finland and to develop the trade."

On the other hand, the ambassador seems to find that Finnish trade and industries have become increasingly interested in the markets of the West.

During the last 4-5 years, the market trends in the West have been favorable for Finland, and there has been a brisk demand for goods offered by Finland.

In 1985 Finland became a full member of EFTA, and the customs barriers were removed from the markets of the West, a fact which was a further enticement for export to the West.

"We are not opposed to the fact that Finland wants to trade with the West. Nevertheless, it remains important to safeguard the trade with the East Bloc as well, for experience shows that markets that have been lost are difficult to regain," Ambassador Sobolev points out.

"Finnish enterprises may have become used to having a monopoly position in the Soviet markets."

"But, there [in the west], the Austrians, Italians, Swiss, and Yugoslavs, etc., are now competing."

Sobolev reverts to the need for a Finnish credit system. Such a system is found in other countries in the West, but Finland has not needed it, because the Soviet Union has paid advances, for example, on its shipyard orders. The Soviet Union is no longer able to do that.

The Soviet Union should have scope for shipyard orders of 700 million rubles for 1989-90 in the most recent 5-year plan, should such orders become possible.

Stable

Ambassador Vladimir M. Sobolev's long-term forecast for Finnish-Soviet relations is a stable development. There are topical questions which will have to be solved but no problems in the relations.

The discussion which arose following the interview with Ambassador Sobolev in TURUN SANOMAT in the spring was due to a deplorable printing error. "The foreign trade policy" had inadvertently become "the foreign policy."

Ambassador Vladimir M. Sobolev is satisfied with the situation today and with the long-term perspectives.

During his time in Finland, he has experienced a positive development in Finnish-Soviet relations. More than thirty new agreements have been concluded during the last decade.

They have ranged from agreements concerning science and research to cultural exchanges and regional cooperation. The ambassador points out that General Secretary Mikhail Gorbachev has pointed to the relations with Finland as an example of progressive cooperation.

Gorbachev's visit to Finland is still scheduled for the end of this year, although the exact timing has not yet been decided upon.

As is well known, the initial idea was that Gorbachev would be coming to Finland in April, but he had two compelling reasons for remaining at home: the intensive preparations for the summit meeting in Moscow and the equally intensive preparations for the upcoming party conference.

"Pass On the Achievements to the 'Next Generation'"

If Ambassador Vladimir M. Sobolev has taught us a political lesson during his 9 years in Finland, it would be that we have to hold on to the things that we have achieved, since this will be in the interest either party.

"It is particularly important to pass this on to the next generation."

The ambassador says that the Finnish-Soviet relations are in complete accordance with the KSSE principles.

"We do not even have problems of split up families."

"In addition, our cultural traditions are closely related. Our traditions in music, folk dancing, leisure activities."

Exchange of Young People

Ambassador Sobolev has noted that young Finns are not traveling very much in the Soviet Union to acquaint themselves with the Soviet society.

"They receive a one-sided and superficial impression of our society via television and satellite programs."

Sobolev stresses the importance of the Finnish-Soviet Society and praises its "Get to Know Your Limits" campaign. ("Naapuuri tutuksi.")

The ambassador himself hopes for an increased exchange of students and research between the countries, not least by having exchange students live with families.

"In addition, we might have an increased exchange of students during the summertime. This might, furthermore, inspire language studies."

It is true that the English language is becoming increasingly important in the Soviet educational system because of the role that the English language has obtained internationally, though Sobolev finds that the languages of neighboring countries are important.

The proposal for an exchange of students, incidentally, is one of the approximately 100 proposals which the Soviet embassy in Fabriksgatan has submitted to the party conference, which will commence in Moscow at the end of the month.

There is great enthusiasm.

The embassy also proposes improvements in the areas of foreign policy and foreign trade administration.

Active Retiree

And Ambassador Sobolev's future?

He intends a thorough visit to the Soviet Union!

Ambassador Sobolev is 64 years old, and he has thus applied for retirement from the Ministry of Foreign Affairs. Soviet ambassadors may already retire at the age of 60.

Out of 24 years as a diplomat, he has spent 19 years abroad.

He will now be visiting all of the nice places in the Soviet Union to see the changes that have occurred.

He will be visiting places in Siberia, where he has lived and where he has relatives and acquaintances, starting with Novosibirsk.

He will visit places in the vicinity of Moscow, where he has his home, although he has not been able to live there. Not yet.

And he has grandchildren, whom he hopes to see more of.

"I want to visit my country as a citizen and not as a host for a foreign delegation," the veteran diplomat says.

Like other retirees, he has many other plans for the future.

Much has remained unread.

Much has remained unwritten.

For, as Vladimir M. Sobolev puts it, being ambassador to Finland is a full-time job.

It is no easy honorary task.

07262

ITALY

Fiat's Director of Finance on Company's Future Financial Plans

35280147b Milan *ITALIA OGGI* in Italian
17 May 88 p 3

[Interview with Davide Croff by Sisto Caspra]

[Text] Turin—Fiat's finances have a new look, new strategies and new goals. With the difficult years when the heavily indebted group was seeking capital now in the past, and with the financial position even slightly in the black, the problem has become one of maximizing return on investments as well as optimizing sources of financing. The new situation has called forth a series of changes in the organization of Fiat's financial management, which has emerged with the following format: domestic finance, international finance, foreign-trade financing, foreign-exchange management, relations with institutional investors. *ITALIA OGGI* interviewed the group's financial director, Davide Croff, on these changes.

"Although our zero net financial position does not eliminate the problem of optimizing sources," he tells us, "still, since our overall balance results from netting short-to-medium-term structural indebtedness against liquid funds to be invested, our attention is shifting to the search for more and more sophisticated financial instruments. Let there be no misunderstanding: we are not interested in innovation for its own sake. We play a pragmatic service role for the group's production and marketing operations. Fiat is not a bank: it is a healthy firm, with few debts, that can pursue certain goals, obtain certain rates."

Dimensions of the Fiat Group									
	Sales (Billions of Lire)			Employees (Number)			Capital (Billions of Lire)		
	Dec. 87	Dec. 86	% Change	Dec. 87	Dec. 86	% Change	Dec. 87	Dec. 86	% Change
Automobiles	21,616	16,384	+31.9	134,583	98,976	+35.607	1,980	2,060	-80
Industrial Vehicles	6,700	5,470	+22.5	35,880	36,053	-173	315	159	+156
Tractors/Earth Moving Mach.	2,623	2,743	-4.4	15,389	16,356	-967	100	81	+19
Metallurgical Products	1,212	1,186	+2.2	11,781	11,780	+1	154	78	+76
Automotive Components	2,635			28,476			280		
Industrial Components	1,041	4,209	-3.5	8,247	42,099	-4,750	85	310	+65
Lubricants	385			626			10		
Production Equip./Systs	905	784	+15.4	4,971	4,231	+740	23	22	+1
Civil Engineering	527	599	-12.0	2,003	2,397	-394	19	18	+1
Railroad Products and Systs	214	170	+25.9	1,409	1,156	+254	7	6	+1
Aviation	639	613	+4.2	4,660	4,526	+134	59	46	+13
Telecommunications	660	555	+18.9	5,394	4,933	+461	44	36	+8
Publishing	329	275	+19.6	1,350	1,317	+33	14	11	+3
SNIA/NPD	2,299		n.s.	15,137		+15,137	172		+172
Holding Cos./Other/Omises.	(3,687)	(3,651)	n.s.	4,594	6,470	+1,875	(62)	52	-114
Group Total	38,100	29,337	+29.9	274,500	230,293	+44,207	3,200	2,879	+21

[Question] Perhaps you are alluding to the debate over the so-called Fiat rate, to the discussion among bankers—well-known ones, at that—at the Bankers Association and in the press.

[Answer] Some have misinterpreted the role of Fiat's financial organization. These are options that have disturbed us, and that could have led to negative repercussions in terms of image and even in terms of efficiency, and could have affected relations between us and the banks to some degree. The misunderstanding arises from the fact that the group's financial operations strongly influence the market, when you consider that Fiat's Italian financial organization transacted around 250 trillion in 1987.

[Question] What are the main innovations in Fiat's finances?

[Answer] The areas of innovation in the recent period have been three: the creation of an integrated management for international financial operations, the launching of GeVa for managing the group's foreign-exchange problems, and the setting up of a little unit to take care of relations with institutional investors.

[Question] What do you mean by integrated management of international financial operations?

[Answer] Fiat's growing internationalization and the globalization of financial markets have led us to streamline the management of our financial transactions, on the one hand by strengthening the staffs we already have in various countries, and on the other by initiating a multinational network for borrowing transactions and for the employment of our liquidity, which allows us to obtain lower rates and higher yields respectively. In this way, on the one side we have optimization of resource allocation and of financial commitments as among the various financial centers, and on the other we can more usefully employ liquidity generated within one country on the other markets. For example, it could be useful to take up capital on the British market and to make loans in France or Germany.

[Question] What instruments are you using [to accomplish this goal]?

[Answer] Everything that innovation (which has been most prolific in this field) can offer. In 1987 and in the early months of 1988, we were active on the Euromarket, conducting operations that were quite interesting both technically and from a price standpoint. A few months ago we obtained the alpi rating in the United States, which allowed us to start a commercial-paper program amounting at the moment to 300 million dollars, which serves not only, or not even so much, to meet our needs in America as it does those in other countries. We have already begun issuing commercial paper on the U.S. market and have obtained optimum pricing, thanks to the role played by Goldman Sachs and Merrill Lynch as

dealers. Naturally these are only first steps. We are setting up the procedural and automation systems for international cash management, so as ultimately to have a complete picture of the problems from Turin.

[Question] What are the steps along the way?

[Answer] Upon the complete liberalization of the Italian market, I presume after 1992, the Fiat group will be able to achieve a global financial system. Today we have a profit-center type of cash-management system, with a domestic area and an international area, whose boundaries are becoming vaguer all the time. In fact, however, the resources generated in Italy are reinvested in Italy, and those from abroad on the other markets. The important step we have taken is that, at least abroad, among London, New York, Frankfurt and the other markets, we have brought down the barriers at the group level.

[Question] Let us talk now about exchange operations. You have just set up GeVa S.p.A. What is its role?

[Answer] It is a corporation that the group own 100 percent, a majority by Fiat S.p.A., and the rest by sectors having a predominant role in international trade (Fiat Auto, Iveco, Geotech and smaller companies). The co-ownership feature is the essence, because the benefits of GeVa's operations are to be distributed to the corporations that generate the import-export transactions. GeVa, under the foreign-trade ministry's authorization, aims to manage all exchange-risk issues centrally, where it will have a single point of vantage from which to monitor all exchange positions.

[Question] If Fiat Auto, for example, has a short position in dollars, it is important to know that Iveco is long in dollars. This allows us to develop policies at the overall level, which will then be followed out by the various firms in the group, for which we will make decisions—based on exchange-rate trends, on our expectations, on the opinions of the economists and on those of people in the market—as to which positions to hedge and how.

[Question] What advantages does GeVa provide?

[Answer] In the first place it allows us to practice in-house hedging, an internal covering of positions, reducing the group's transactions with third parties, and thus the costs to be borne....

[Question] Can you quantify the savings?

[Answer] Let's say they could amount to several billion a year, considering that the Fiat group's transactions will exceed 15 trillion in 1988.

[Question] And the other advantages?

[Answer] Getting an overall understanding of the positions and opening up more advantageous arrangements in terms of rates and types of operations. This grouping

of exchange operations in a single firm could, we feel, yield profitable results in the management of transactions to and from Italy. There is a similar problem, though of smaller proportions, for imports from and exports to the various countries in which we operate. Here, too, we must integrate and streamline.

[Question] What principles are behind the Fiat group's exchange policy?

[Answer] Our exchange-risk management is careful and conservative. We never take speculative risks, because that is not our business. Maximizing export earnings and minimizing import outlays does not mean covering all foreign-exchange positions. That would be an extremist, counterproductive attitude.

[Question] Now let us talk about the group's relations with institutional investors. This too is an innovative approach, isn't it?

[Answer] Fiat has not invented anything in this respect. It has decided to develop a line of activity that was a little neglected in the past for reasons of necessity. We have thus created a small unit that takes care of relations with international analysts and investors. The goal is to develop and consolidate, in the main world financial markets, familiarity and a sharp and detailed image on the part of traders in the equities market. In the middle term, the effort is thus to involve a limited and selected number of brokers and investment bankers who are particularly interested in the group. While we are surely well known on the industrial and commercial level, we have observed a need for further development of external relations in the financial area. The ultimate goal will therefore be to encourage dealers to trade in our securities as much as possible. The important thing is that our securities become the object, not of mere trading—that is, of very-short-term, investment. The effort is directed primarily at foreign investors, predominantly the funds, which are more developed than those in Italy, holding very considerable portfolios which are broken down by industrial sectors and by countries. These funds are relatively unfamiliar with Fiat. We realize that a meticulous and systematic medium-to-long-term effort is needed.

[Question] To broaden and improve information on the group, therefore, in order to gain greater credibility abroad. But in what way?

[Answer] Let us think in terms of traditional tools and innovative tools. Among the former, the financial report and the stockholder letter. In the latter group, sending spot information to selected recipients (between 100 and 300 investors and analysts in various countries). The occasion could be any event of importance to the corporation. Initiatives are underway to make this information output available on automated telecommunications systems. Another tool consists of analyses of the group and of individual firms. In 1987 we had a number of

analyses, among them those by First Boston, Merrill Lynch, Goldman Sachs, Sige. In 1988 we will have around 10. Another information format consists of presentations on consumption data, growth trends and special phenomena. The work of this unit is destined to grow enormously.

[Question] Where do the plans for registering Fiat stock on foreign markets stand?

[Answer] Stock-market registration—first in London or New York, or else in both at the same time—is an end-point and not a point of departure, assuming we get that far, as I trust we will. When we have succeeded in creating familiarity with and confidence in the group, when a certain number of traders are holding the stock for non-speculative purposes, stock-market registration could come along as the natural culmination, just as could being traded on markets of similar configuration. I'm thinking, for example, of ADRs in the United States, that is, certificates representing stock. Europe and the United States remain the priorities; Japan will come later.

[Question] What predictions can you make for the coming months?

[Answer] The markets did well in the first part of 1988. We thought there would be a slowdown, beginning with the United States. The predictions did not come true, not least because the approach of the American monetary authorities has become one of ease, of injecting liquidity into the system, and avoiding the recessionary repercussions that would have been natural after the October crisis. The world economy has kept advancing above expectations in the first quarter. In the fall, too, we have the American presidential elections. Quite possibly the slowdown phase will start then.

13070/12223

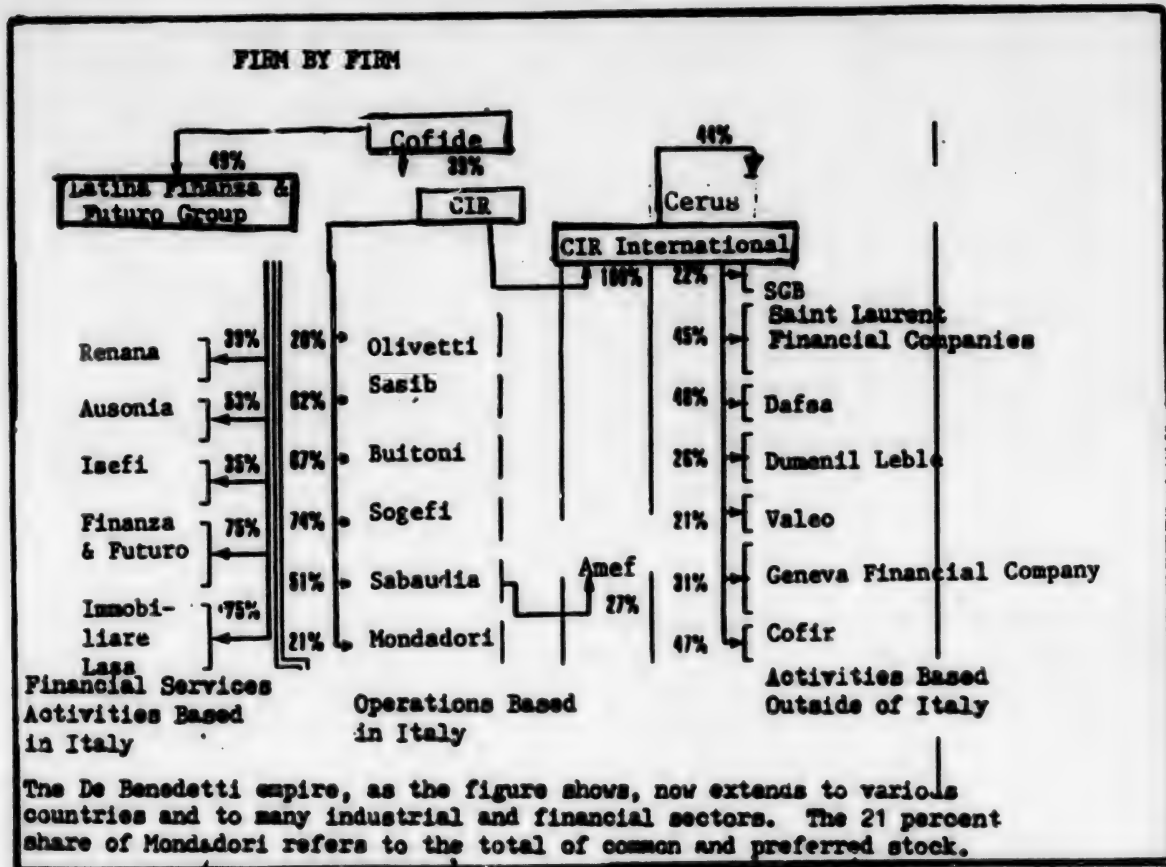
De Benedetti Explains Past Actions, Future Plans
35280147a Rome L'ESPRESSO in Italian
22 May 88 pp 222-228

[Interview with Carlo De Benedetti by Giovanni Valentini]

[Text] "I made a commitment and I want to hold to it. Even though you did the nastiest cover story of my life, I'm now ready for the interview I promised." The day after the tumultuous shareholders meeting at which, along with the Formenton family, he assumed control of Mondadori, that is, of Italy's foremost publishing group, Carlo De Benedetti comes across on the telephone as collected and cordial. The appointment is for the next day, Thursday, May 12, at the Milan headquarters, almost behind Piazza della Scala, in the heart of the Meneghina area the De Benedetti group is moving toward recovery after the "Belgian campaign."

At his desk, with a silver thermos for the mineral water before him, a monitor linked with the stockmarket at his side, and a handsome carved bust with cuirass and crest behind him, De Benedetti is in shirtsleeves, classic blue-striped regimental tie, high-finance-style chalk-gray suit. That morning, due to a misunderstanding on the merger between CIR and Buitoni, Consob had unexpectedly decided to suspend trading in the stock for two hours, and the Engineer's staff are shuttling in and out of his office to keep him informed of developments. De Benedetti had not appreciated our cover story entitled "The Insult," on the battle over the Societe Generale de Belgique (SGB), and he says so in all candor and in no uncertain terms. But since he knows that the best way to stay on good terms with a paper like L'ESPRESSO (in whose corporate structure he ranks as second-largest stockholder) is to furnish news and clarifications, he has saved for the interviewer what he himself, using journalistic terminology, defines as a "bombshell": his share in Olivetti is rising from 14 to 20 percent, rebalancing the power relationship with his American partners from AT&T (22 percent). "It's our all-time high," he points out with a lot of self-satisfaction: "We bought this 6 percent on the open market. It goes to show, with concrete deeds, that we really believe in the firm, and it confirms on our side our firm desire to maintain our commitment." This is the rousing prelude to a conversation that is to last a couple of hours, during which De Benedetti reviews all the active fronts with L'ESPRESSO and explains his strategies, whereby he maintains that "the 5 thorns are in reality 5 roses," whether it be Olivetti or Mondadori, Credito Romagnolo or Buitoni, or even SGB in Belgium.

"Before responding to your questions," he commences authoritatively, "you must allow me to make a preliminary statement. Some comments have just recently been made to me that I would like to react to. The first: De Benedetti is a blitzkrieger, but he is now forced to keep to his trenches. This is a comment I find very strange—because in Olivetti, for example, it is now 10 years that I have worked in the trenches, and I am quite comfortable there. As all entrepreneurs know, going into a firm—with however much fanfare—is one thing; the hard everyday work of reorganization and development is another. This is the work I have been committed to for 27 years, and it is work I like very much. The second remark is that my group is supposed to be a 'one-man show.' This, fortunately, is a distortion of reality, as is proven by the successes of my colleagues in Buitoni and Romagnolo, for example. Or even Olivetti itself, where we have a management structure that is stable and to which I obviously feel a great deal of commitment. Each line of production or finance has its own head, who answers to me only on strategy choices and for results. The third observation: De Benedetti's group is a complex one. Certainly we keep moving, to follow market opportunities, and so we could create that impression—but the basic structure is simple: heading up the whole thing there is a financial company that actually bears my name, COFIDE, in which I am personally a 50-percent



shareholder. This group is then divided into 3 overall sectors: financial services, under Latina; industrial activities, under CIR; and an international extension, under Cerus in France, which we have been developing intensively in this most recent period.

[Question] All right, Mr Engineer, your preliminary statement is clear. Let's move along to the "5 thorns, 5 roses," beginning with Olivetti. How did you arrive at this surprise decision to raise your share from 14 to 20 percent, just when it seemed the firm was destined to end up in the hands of the Americans of AT&T?

[Answer] Let's go back over the story for a minute. In 1983 we signed an agreement with AT&T providing for 2 stages: in the first, of 5 years, they were to have the right, by 1988, to go from a maximum of 25 percent to a maximum of 40 percent; in the second stage, they undertook not to exceed this ceiling for the following 5 years.

[Question] And up until now nothing has changed....

[Answer] Nothing has changed, except that in 1986 we agreed to renegotiate this understanding because AT&T

had delayed entering the market and wanted to slip everything by 2 years. And so we signed a new agreement which extends the 25-percent standstill by 2 years.

[Question] What has happened in the meanwhile in this sector?

[Answer] A great technological revolution has occurred, due to which some choices must be made today, and will find their application in the market in the nineties. This is the substitution for the traditional processor of a more advanced one, able to multiply processing capacity by a factor of 10 at constant cost. Today, therefore, our technical people face the problem of choosing a system for the nineties: and were it not for the intercorporate ties, they would opt for a different system than that chosen by AT&T. But, at this point, we don't want to find ourselves in 1990 with an AT&T holding perhaps 40 percent, when we have made differing choices. It was I, therefore, on my own initiative, who went back to AT&T and asked, can you tell me what you will decide in 1990? Answer: we'll know in 1990 what we will decide in 1990; if we could decide today, we would favor going to 40 percent. Then, even before seeing how they could get up

to 40, I tried to get an understanding of how they pictured this kind of partnership in structural terms, that is, in terms of stockholder-management relations.

[Question] And what results did you obtain

[Answer] Once the technical problems had been cleared up, it turned out that their proposals were not acceptable for at least three reasons: first of all, they expected to get a majority on the board, even though holding only 40 percent, and even though the firm was to continue listed on the exchange. Then, according to their ideas, the managing director would have had to report to the board rather than to the president—the only such arrangement in the world. And finally, they were proposing that a three-member stockholders committee be set up, 2 from AT&T and one from CIR, to make its decisions by majority vote.

[Question] At this point how did you react?

[Answer] Frankly, I thought it was an unacceptable position. That means, I told them, that with these ideas, when you get up to 40 percent you will treat Olivetti as a division of AT&T. I will never accept that. Olivetti has a history, I've been working in Olivetti for 10 years, I feel a responsibility to the public because I believe that when a firm comes to represent what Olivetti does, it becomes in effect a community property. Along with the firm's qualities, among which its autonomy in particular has been the basis of its success, human values are at stake, values which I have developed over these past 10 years in collaboration with the management I work with and to which I am bound by obligations that go well beyond the relationships of an organization chart.

[Question] Pardon me, Engineer, but weren't you ever concerned about learning AT&T's true intentions, earlier, from the beginning?

[Answer] I have to tell you this: in 1983, I had a different Olivetti on my hands. When I arrived in Ivrea, the firm's net worth had a stock-market value of 48 billion; today it is 5 and a half trillion. In 1983, sales were 3.7 trillion, as against 8 trillion today. At that period, I was convinced that Olivetti was in midstream and needed a big partner. Today Olivetti is a profoundly changed firm, it can do without a big partner. I trust AT&T will remain our stockholder, and I am convinced it will happen that way.

[Question] It has always been said, however, that in the world electronics market great capital is necessary in order to cope with the competition....

[Answer] Without a doubt.

[Question] Now, however, you think you can do without it?

[Answer] I think the situation is different from that of 1983. Today Olivetti's own resources have since grown to 3.5 trillion. And when I look back at the last 10 years, I am bound to say that we have succeeded in obtaining this result in a rather intelligent way: because we have had ourselves recapitalized once by Saint Gobain, another time by AT&T, and a third time by Volkswagen. Cumulatively, with these 3 operations we have brought into Italy 1.2 trillion from foreign partners who have respected the complete autonomy of the firm.

[Question] This means Olivetti will be able to go it alone in the future?

[Answer] If everything I've said is true, it would not be logical to consider a single all-encompassing agreement with a single partner. We will instead go on making sectoral agreements whenever and wherever we may find it useful and needful for the firm's development.

[Question] And so, Olivetti will not become American either in 1990 or in 1995....

[Answer] Absolutely not. For that matter, I was already denying this in 1983, when people began saying I was going to end up selling Olivetti. And today I can announce my moving up in the meanwhile to 20 percent, thus getting close to AT&T with 22 percent, while (as number-two shareholder) in fact controlling the firm by way of the management.

[Question] Let's turn to the second thorn, Mondadori. It is the latest in point of time and perhaps it still hurts. Your invasion of Segrate has raised a whirlwind of controversy....

[Answer] I want to state first of all that I do not intend to answer Leonardo Mondadori. When someone tells the falsehoods that he has, and releases an interview entitled "My War with the Engineer," he must realize that he is taking irreversible steps. I do, however, want to give an explanation as to Berlusconi. He came to my office and told me. "There is absolutely no doubt that you are the majority partner and I am the minority partner. You deal with me alone, because I have an understanding with Leonardo and I in fact represent all the others. let's see about finding some agreement between us, because we can do good things together."

[Question] What was your answer?

[Answer] I said, agreed. Let's put our lawyers to work looking into what the minority's rights are. I am very comfortable discussing things with Berlusconi, because I hold him to be a successful businessman, an innovator on the Italian economic scene, and I have a great deal of respect for him for what he has accomplished. Agreement with him on Mondadori was something worth pursuing, as long as the relationship of majority and minority was respected.

[Question] Then, however, what exactly happened?

[Answer] Berlusconi's representatives put forth certain conditions that we did not feel we could accept: the post of vice president for operations and a veto on strategic decisionmaking. We, on the other hand, named 13 of the 15 board members: and this goes to show the extent of our willingness to bring in the minority stockholders.

[Question] Someone has observed, as a debating point, that in Mondadori, where you held a position of strength, you adopted the same attitude that SGB adopted toward you....

[Answer] There's a big difference. In Mondadori, counting the shares held both inside of AMEF and outside of it, we have 53 percent against 17 percent. Ours is an absolute and monolithic majority. SGB's, on the other hand, is for now a heterogeneous and ephemeral majority.

[Question] But why did you decide at this point to go into Mondadori in force? What are the goals and interests of a group like yours in the publishing field?

[Answer] Above all, this is a sector undergoing rapid growth, because the number of people seeking information is growing, and, among those who already have it, the quantitative and qualitative demand for information is growing. These are the years of know-how; hence the importance of the information industry and of the publishing industry. In this rapidly growing sector, Mondadori represents a successful reality. Then, there is another reason for my interest, an even bigger motivator: I think information is an engine of society's overall growth. To participate to some degree in a process that stands at the foundation of a country's development is a fascinating affair. I want to be involved in this process.

[Question] You of course realize that, for an entrepreneur and financier, this means changing your spots to an extent....

[Answer] At the management level, yes. I don't believe this is so at the stockholder level.

[Question] Master of Engineering De Benedetti, do you hold that there is still room for the so-called "editor pure and simple?"

[Answer] An editor's quality does not rest on his being "pure" or the reverse. There are "pure" editors who have no regard for the stockholders, and "non-pure" editors who have full regard for them. But the real problem lies elsewhere. Publishing, like all sectors, demands scale and resources that far exceed the financial capacity of individual families. Thus the firms that have gone public, to escape those constraints and grow up to their potential, have shown great foresight.

[Question] You are taking over at Mondadori, however, at a time when the firm is doing well and doesn't seem to need any....

[Answer] Look, in 1985, when we got Mario Formenton's invitation to take up a share in Mondadori, the recapitalization operation was encountering enormous difficulties, even with big financial institutions, because at that moment people were saying Mondadori is finished, the Retequattro business completely drained it, the firm is bankrupt. At that time, Mondadori's shares were worth 1,000 lire, the AMEF issues came out and were bought at 1,000 lire; on the market today they are worth 20,000 and 9,000 respectively. Now, who did all this? The man who had faith in Mario Formenton as a businessman—and I had faith at a time when everyone, including Leonardo Mondadori, was abandoning him and saying he had killed Mondadori off. We, together with a few others, put up the dough that no one else wanted to put up, and that the family didn't have. In sum, we contributed to the relaunching of the firm, even as regards the management.

[Question] And now, with your massive entry onto the board, what have you gotten?

[Answer] Clarity. After having created confidence in the firm all around by aiding in its refinancing and relaunching, we have achieved clarity. And this means majority decisions.

[Question] By the way this deal came about, you have given the impression of a blitz, a raid, a coup....

[Answer] When the majority in a firm asserts its rights and respects its obligations, I don't see how words of that kind can be applied. It was a case of conscience for Dr. Polillo as president: to him, at an AMEF meeting, was given the responsibility of voting on the budget and of acting according to his conscience in whatever concerned the board, given that there had been no success in achieving an agreement. Polillo did nothing more than go and find out, behind the smokescreen, what the actual majority consisted of, and he determined that it was we, Formenton plus De Benedetti, who constituted the majority. And in accordance with his mandate, he agreed to the approval of the budget and the election of the board, exclusively in the interests of the corporation, without injury to anyone.

[Question] Even if you do not assume the presidency or any other management responsibility, you will now have to learn a new trade.

[Answer] As you know, all the resources needed for managing the firm exist within Mondadori. But since I have been actively engaged in this sector for 4 years now, I have indeed learned something, and I will put my hand to anything in order to increase the value of the investment of those who have placed their confidence in this enterprise.

[Question] As you see it, Engineer, it is the same thing to play the role of computer entrepreneur or that of information entrepreneur? Newspapers, in your opinion, are a commodity like any other?

[Answer] I'll make a distinction between the business aspect and the editorial aspect. The business aspect is absolutely identical; on the technical level, there's no difference. Then there is the editorial side; and here certainly, specialists are needed. Within Mondadori there are sectors, like dailies and periodicals, that have certainly strengthened their market position as a result of the capabilities of their staff; and others that, unfortunately, have lost some ground and some good men as well, as in the book-publishing area.

[Question] The third thorn, Engineer De Benedetti, has been Credito Romagnolo....

[Answer] Here too, it's facts that count. It was Cirri, and then president, who invited me to go into the bank. And there's a witness: Cirri's daughter, who spoke of it in an interview and then voted with us. In 1986, we reinforced our position in the bank, at the invitation of the new president, Santini, and of Raul Gardini, who was then vice president. They wanted to stabilize the capital, and they asked me to buy up 2 percent, which I did. During those years, we tried to behave with all possible openness, and we obtained the consent of all the traditional components of Romagnolo. In the end, we won at the stockholders meeting, a meeting in which 2,500 people participated and at which 82 percent of the ownership was represented. In that forum the very great majority of the shareholders who had not been committed until that moment determined the outcome by favoring the programs and candidates we proposed. It was a great victory for the bank, and, for me, a great satisfaction.

[Question] Fourth thorn, Buitoni: this too has changed into a rose?

[Answer] Buitoni was considered a thorn only for the French aspect: it was 'regle,' that is, it was rationalized. We reached an agreement and the problem was resolved with the result that Buitoni's Italian shareholders will get something more than had been provided, and so....

[Question] The fact remains that another piece of Italy is going off to the foreigners, and you are withdrawing from the food industry....

[Answer] That's another question. In 1985, Buitoni was up for sale at a ridiculous price, it was firm in a pre-bankruptcy stage, which had lost 54 billion the year before, it had no more net worth. It was about to change hands to the French firm BSN for a sum of 25 billion, without any benefit for the minority stockholders. Our estimate was that food was then a rapidly growing industry and we rightly felt that Buitoni's problems were undercapitalization and management problems linked to the family quarrels that are always a source of damage

for firms. I think Buitoni has been a real success in these last 3 years from an operational standpoint: we have in fact doubled sales from a trillion to 2 trillion, and we brought the operating profit from 18 to 128 billion.

[Question] A few months after Buitoni, you tried to buy SME as well, but were defeated.

[Answer] I don't want to reopen an old issue. Prodi said clearly that it was a matter of a perfectly valid contract; the IRI board approved it unanimously; then at the end it turned into something else. I in any case had an obligation toward the stockholders to go right up to the highest appeals court. Not I alone, but Prodi and I both, took a defeat.

[Question] As a consequence of this affairs, however you had to change your strategies.

[Answer] The environment had changed in the meantime. In the food field—and not just in Italy—real revolutions have occurred. In America and in Europe the process of concentration into very large groupings has speeded up, and has largely reached its culmination. And we asked ourselves, do we still have the prerequisites for survival in this sector? No, because we are too big to compete with the small firms and too small to be among the big ones. On the one hand, we have assured the firm's future by inserting it in a very solid and successful food group. On the other hand, we optimized our stockholders' investment by carrying away an extraordinary price in dealings with the biggest multinational, and by succeeding in having the minority stockholders also get the majority premium.

[Question] And so we come at last to the final thorn, SGB. I suppose it is the most painful wound....

[Answer] Without a doubt. But I want to say this right away: everyone recognizes that the idea was a winner. And it is still a cogent idea.

[Question] It wasn't perhaps a little too ambitious, too bold, too cunning?

[Answer] No, but perhaps it was a little before its time. If you are innovating, going forward relative to your surroundings, either your undertaking prospers—and then it's a great success—or else you risk running into the defensive barriers of conservatism. The latter was the case with SGB.

[Question] But hadn't you reckoned with some such reaction from your opponents?

[Answer] I'll have to admit frankly that, in my enthusiasm, I had underestimated the risk. Today, nevertheless, the result achieved on paper is this: SGB, Suez and Cerus together represent Europe's largest holding company.

Even though mistakes were made, on our part and on theirs, we will arrive at an agreement in the end because both sides, I think, believe in the underlying idea.

[Question] This agreement, however, will not come about on your terms....

[Answer] Well, maybe: you have to distinguish between the terms I had in mind and those I made public. That's always the way it is, in any negotiation. I see, for example, where Maradona, before the big game with Milan, declared itself sure to win, a tie wouldn't be enough. Then, however, they lost. I don't think they were planning on a defeat, but maybe they would have been able to make do with a tie after all.

[Question] And now, in the game being played in Belgium, what outcome would you bet on?

[Answer] I'm ready to make a bet: just as is happening with the other 4 thorns, SGB too is going to turn into a rose. I can't say when, but it will be within the next few months. How? Certainly through an agreement that will see us participating in the management.

[Question] Do you think that the rivalry of a certain Italian economic potentate could have played a role in the SGB affair?

[Answer] If any of those you're referring to had a chance to put in a bad word, I'm sure they did so.

[Question] And to what extent, in your judgment, did the French political situation enter into it?

[Answer] Doubtless it entered into it.

[Question] What is it you allude to, Mr. Engineer?

[Answer] Direct approaches by minister Balladur, and even by M. Chirac, to the presidents of several big French institutions involved in the deal.

[Question] And now, after the re-election of Mitterand and the fall of Chirac, do you think this change could work in your favor?

[Answer] My personal relationship with Mitterand and with Rocard is more than merely good. But, as I have always said, politics should not enter into private business. I am not hoping for this government to intervene in our favor, I am simply hoping that it won't intervene at all.

[Question] But after this experience, Engineer, do you still believe in a corporate Europe?

[Answer] I nurture a personal dream: to contribute to the best of my ability to the construction of the Europe I believe in. After the SGB experience, I maintain that the effort will be harder, but all the more necessary. The

Europe I dream of extends to the Urals; and thus I said, in a debate with Giscard, that Western Europe must go in that direction, even by means of a great Marshall Plan for Eastern Europe.

[Question] In conclusion, what lesson have you drawn from your Belgian adventure?

[Answer] I have found, first of all, that in the short run conservatism tends to prevail over innovation, because, as a first reaction, people normally fear novelty. Then, I came to realize that, in the short run, open dealings don't always pay. This, however, does not change my attitude, and I remain convinced that, in the long run, open dealings do indeed always pay. Sure, in the future I may be more aware of the difficulties of being progressive, even in the marketplace. But throughout history conservatism has always given way to innovation.

[Question] In the light of 1992, then, your confidence in the European system—as a citizen and as a businessman—remains intact?

[Answer] Europe is a necessity, and no longer an option, either for Italy or for the other European countries. Europe must choose between being cut out of world growth and playing an important role. And in my opinion, it holds the cards to do this. We either become a market for the others or we succeed in drawing on the potential of our market. Today Europe is no longer just a great ideal; it is a necessity.

[Question] And Italy is in a position, you feel, to stay tied to Europe?

[Answer] There are certainly a few obstacles, starting with the public debt. It is not probable that Italy will succeed in solving a problem like that by 1992. It is important to realize that we have lost a lot of time, and that this has now become an absolute priority. We need a re-entry plan, and it will be painful: the Italians may as well know it.

13070/12223

PORTUGAL

Bank of Portugal Reports Increased Consumption, Investment

35420110a Lisbon DIARIO DE NOTICIAS
in Portuguese 1 Jul 88 p 32

[Text] The Portuguese economy "appears to have continued to grow at a good pace in the first months of this year," concluded the monthly economic summary for June of the Bank of Portugal, adding that the decelerating tendency observed since the last half of 1987 changed "in the direction of a slight recovery of economic activity in the first quarter of 1988."

The Bank of Portugal points out that the high rate of growth in private consumption was maintained along with an increase in investment in the construction sector and in the index of manufacturing production.

With respect to first quarter employment, the central bank's monthly economic summary reports that "total employment increased 3.7 percent and the number of unemployed decreased, bringing the unemployment rate to 6.1 percent" based on the survey of employment conducted by the National Institute of Statistics.

The report adds that the rate of growth of nominal wages continued to decline and that in May the rate of inflation registered no significant change, the consumer price index increasing 0.3 percent over April. The foreign debt, based on preliminary figures, was \$17,385 million at the end of March, a reduction of \$940 million since the end of 1987. The short, medium, and long term debt all registered significant declines.

Finally, the economic summary of the Bank of Portugal reports that in April the growth rate of total credit in the economy was 9.5 percent (10.8 percent in March and 10.1 percent in February) reflecting a tapering off of credit to the private sector, a trend in line with the "monetary policy of the government aimed at reducing the growth of liquidity in the economy."

12942/09599

SPAIN

Joint Venture in China Reported

35480103a Madrid TIEMPO in Spanish
27 Jun 88 p 110

[Excerpt] This year and in 1994, Chupa Chups will open a total of four factories in China, and a school for training intermediate level supervisors and sales experts. Chupa Chups is available to a market consisting of 1.2 billion inhabitants. It has signed an agreement with the firm Procao de Navarra to manufacture children's sports footwear for sale in Spain under a Chupa Chups license.

During the first week in July, the Catalonian company Chupa Chups will sign the final agreements with the Chinese Government to form a joint venture, and to begin construction on what will be its first factory in the Asian country. The feasibility studies have already been accepted by the Bank of China. The state enterprise, Red Star, created by Mao Tse-tung, will own 40 percent of the new joint venture, while Chupa Chups will hold the remaining 60 percent.

Chupa Chups' first factory in China will be located in Jiangxi Province, and will supply the entire south of China. It is the firm's intention to have the entire

Chinese territory covered by 1994, with three more factories, to be constructed in Shanghai, Beijing, and Szechuan Province. The initial investment amounts to \$5 million.

Chupa Chups is also building a school in Canton, with the essential goal of creating a sales network and training sales people and intermediate level supervisors. Chupa Chups president Ernio Bernat observes: "The concept of sales and marketing is new in China. Therefore, it is essential for us to begin training employees almost before producing candy. With the speed of the Chinese market's progress, within 2 years it will become a supply market."

With this plan, Chupa Chups will be positioned in a market consisting of 1.2 billion inhabitants, 25 percent of whom are under age 14; hence, this is a very large direct market. Up until now, Chupa Chups had been present in China only for the non-resident market. Bernat comments: "The Chinese market is essential. Any businessman who is not established in China within a maximum of 6 years will accomplish little on the international market."

A total of 5,000 persons will be working for Chupa Chups in the Asian country. The company's president claims that sales in China will exceed those in all the 93 countries to which it is currently exporting its products. Chupa Chups has other plans for the Asian markets. It is now exploring the possibility of setting up a factory in India. Over the longer term, this plan would consolidate its presence in the latter area to a considerable extent.

2909

Telefonica, Entel Joint Venture Faces Opposition in Argentina

35480103b Barcelona LA VANGUARDIA in Spanish
20 Jun 88 p 35

[Text] Buenos Aires—The operation whereby the telephone company directed by Luis Solana would become a holder of a 40 percent share in the National Telecommunication Enterprise of Argentina (Entel) is running a serious risk because of stiff opposition from the Peronists and a campaign to discredit the Spanish company, which is accused of providing flawed service. The president of CEOE [Spanish Confederation of Business Organizations], Jose Maria Cuevas, who visited Argentina for 4 days heading a delegation of 50 Spanish businessmen, came out in defense of Telefonica [National Telephone Company of Spain]. During that business delegation's stay in the country, some joint plans were signed; although the difficulties posed for intensifying relations with Spanish business firms predominated, particularly with respect to mergers or joint ventures, because of the country's legislation.

In one of his addresses, the president of the Spanish business owners' association undertook to defend the reputation of the National Telephone Company of Spain; admitting that, in fact, the impressive demand for service amid the economic growth in Spain has caused some problems with service.

Cuevas did not underscore this gratuitously: he knows that Telefonica's agreement with Entel, whereby the Spanish company would take over 40 percent of the shares in the Argentine company runs the risk of failing, because of opposition from Peronists and a heightening campaign to discredit the Spanish communications company. This campaign, based on press reports appearing in Spain after the submission of the latest information on the company, has been publicized by the Argentine press, and used as an argument by the opposition to the Alfonsin government in an attempt to prevent Telefonica from taking control of Entel.

The agreement between Telefonica and Entel, which is due to be ratified when the Spanish company submits a feasibility plan and one to restructure the Argentine company, consists of the creation of a new mixed enterprise based on the current Entel, in which Telefonica would hold 40 percent, and the Argentine Government, another 40 percent; with the remainder distributed among users and workers, and a small amount that would go to the stock exchange.

Entel, a company with a heavy debt, is seeking a partner that would contribute technology and financial resources (it is estimated that the necessary investment would have to be about \$750 million during a preliminary phase), in order to normalize the country's telephone service, which is in a state of acute deterioration. This situation has led to the proliferation of parallel telephone systems and to a certain amount of chaos in communications. The waiting list in Argentina is three times longer than the Spanish one, and only 11 percent of the population has telephones available.

Poor Results

As a result of the Spanish business delegation's negotiations, it was announced that CEOE had reached an agreement with the Argentine authorities enabling the Spanish group, Muriascoa, associated with the Argentine Emepa, to carry out the sale of 2,600 railroad cars to Argentine Railways. But, to everyone's surprise, the

Railways president, Julio Quevedo, disavowed any such agreements, declaring: "Before purchasing new equipment, we shall give priority to the maintenance and recovery of what is in use."

According to the original announcement, the investment would amount to about \$120 million; but there was considerable chagrin on the part of the Spanish businessmen when they learned about the setback. In fact, the final word has not yet been given, because what is involved is political pressure occurring in the Argentine companies controlled by the state, based on the Alfonsin government's intention of gradually consummating the processes of privatization and integration with business firms of other countries.

Also attracting attention were operations in the agricultural-livestock and fishing sectors. The first was related to the sale of corn surpluses, and the latter to the partnership of a Spanish firm with another in the city of Mar del Plata, 400 km south of Buenos Aires, to work on a development wherein the Spaniards would contribute factory ships and know-how for the industrialization of fishing, and the Argentines would provide the fishing permits.

In this connection, a Spanish business delegation is about to arrive in this country with \$348 million to invest in this sector, for the purpose of raising production rates, which increased 24.3 percent during 1987, the highest growth recorded in an economy, namely, the Argentine, with an obviously recessive trend.

2909

CASA Cuts Losses by 50 Percent

35480103c Madrid YA in Spanish 3 Jul 88 p 29

[Text] Madrid—Aeronautical Constructions (CASA) has managed to cut its losses in the first half of the year to 4.9 billion pesetas, a figure representing a decrease of approximately 50 percent in comparison with the same period last year. The CASA board members are expressing optimism regarding the second half of the fiscal year, stemming from the results accrued through the increase in productivity, and the reduction in underactivity and absenteeism. Furthermore, there has been a decline in the delays in deliveries for the Airbus program.

2909

ITALY

Report Shows Youths' Esteem for Family, Authorities

35280157 Rome LA REPUBBLICA in Italian
8 Jun 88 p 21

[Text] Milan—Young Italians are not attracted to politics. They trust the police more than they trust any other institution. They place the family at the top of their value system and in their spare time they spend an average of about 200,000 lire each month. Yet those who study the behavior of youth do not rule out the appearance of new youth movements.

These apparently contradictory statements come from the "Second IARD Report on the Conditions of Young People in Italy" that was presented yesterday in Milan by its drafters, sociologists Alessandro Cavalli and Antonio de Lillo. Four years after the first report, which was published by Il Mulino, like this one, the IARD Foundation commissioned them with the task of determining the life styles and the outlook of young people from the ages of 15 to 24. In addition to the sample of 2,000 young people who were interviewed for the first time, the researchers talked with 718 of the young people who had been interviewed in 1983. The results obtained appear at times quite clear, while at other times, enigmatic.

The social and cultural background of young people has improved. There are still enormous differences among them, depending on sex and the region where they are growing up. In their life style and way of thinking they reflect their origins: it cannot be said that there is a true youth culture. Yet they have common experiences: school, for example, which is once again tightening up. Among those surveyed, only a little over half have gotten through school without failing or giving up. But more than half of those interviewed feel they are misunderstood by their teachers; more than a third have doubts about their being prepared to earn a living; a sixth are dissatisfied with school; and, finally, more than half of the young people who are working believe that what they have learned is useless for the purposes of their work. But, it is not these but other reasons that make Cavalli and De Lillo believe that strong revolutionary ferment may spring up among young people.

The dissatisfaction they experience in school does not stimulate hostile attitudes towards society. Nor does it arouse the difficulty of satisfying their own work aspirations. Young people in the poorest classes, who have begun work younger, do not generally complain about what they are doing, even though it is not what they had hoped it would be. This means, perhaps, that the spread of the new work culture, understood as a place to realize oneself, and not merely as a means of earning a living, is widespread but still superficial.

The fact of working is not enough to transform a young person into an adult. The IARD research confirms that there is a trend to delay leaving home until marriage—which is seen as a distant event. The new Italian family, which is permissive and at the same time protective, is becoming less than satisfying and even an enemy only for young women. All the research is filled with data showing, especially among southern parents and mainly those who are less well-to-do, that a strongly masculine outlook remains. The family denies girls the opportunity to continue in school, and they are the first to leave home and take their own destiny in hand.

Pampered by the family, which, if rich, gives them spending money, and if less well-to-do, allows them to spend part of the money they earn, Italian youths place the family at the top of their value system, together with work, the objects of their affection and friendship. Accordingly, it comes as no surprise that they have a growing optimism about the country's standard of living, the basis for their happy life. Nor should it come as a surprise that they place their trust most of all in the police, the paramilitary forces and the courts, in sum, the institutions that, by protecting order, promise to ensure them their pursuit of a satisfying life.

Politics seems foreign to them, and they have very little to do with the work of the parties. But they willingly join religious, cultural and recreational organizations. Above all, young people are increasingly participating in demonstrations, marches, assemblies, debates on topics such as peace, disarmament and defense of the environment in which—and this is the curious part—they are unaware of the importance of politics.

Thus there is a very marked distinction between political participation per se on one hand and social and civic participation on the other; this distinction may become explosive and give rise to youth movements outside party organizations.

A noteworthy number of young people, however, feel they are estranged from civic issues as well. These are not the most consumer-minded. Quite the contrary. The IARD research casts a clear light on the fact that today's youth are integrated into society by means of consumption and free time. We are thus faced with an American scene that totally upsets our political tradition: the poorest are those that have the smallest say in the nation's future.

The poorest, especially in the south, have little self-confidence. They are fatalistic. And they do not rule out the possibility of violating some social norms. This does not mean that there does not exist, at all levels, a clear awareness of that which society condemns. Compared to four years ago, the tendency to be strict has grown, especially toward behaviors that risk AIDS infection: drugs and homosexuality. This strictness cracks when faced with the question: "Do you think that such a thing could happen to you, too?"

Two and a half percent of those surveyed stated that they did not know whether they might get into heavy drug use. One percent admitted that they might do it. These are very low percentages, but, nonetheless, if we recall that young people between 15 and 24 in Italy today number eight million, we must acknowledge that the potential number of drug users is actually quite large.

13331

PORTUGAL

Social Conditions Seen Not Justifying National Optimism

35420108a Lisbon TEMPO in Portuguese
23 Jun 88 pp 18, 19

[Article by Gouveia de Albuquerque; first paragraph is TEMPO introduction]

[Excerpts] If we are to believe the optimistic and euphoric speeches that have been heard with increasing frequency lately, Portugal today is a wonderful country in which to live. Despite the fact that deteriorated houses are collapsing every day—and that many others have no water, electricity, or plumbing—the citizen is being bombarded daily with statements to the effect that it is good to live in Portugal.

At the PSD congress last weekend, there was an abundance of speeches glorifying what has been achieved to date in improving the quality of life and standard of living for the Portuguese.

It appears, however, that such optimism is not justified. The simple reason is that Portugal is still bringing up the rear in West Europe. And it is so far behind its European neighbors that a decade will not be long enough for reducing the immeasurable distance separating us from them.

While it is an undeniable fact that the Portuguese standard of living has improved considerably over the past few years, there is still more to be done than has been achieved to date. Because of that, a responsible party's political talk ought to be geared not to sending up the flags, as the saying goes, but to drawing attention to the great distance that must still be covered before Portugal can aspire to compare itself with the rest of Europe. The only whim we can indulge today is that of considering ourselves better than Turkey in terms of quality of life—provided, of course, that we regard Turkey as an eminently European country. We cannot even aspire to outdo Greece—the second-weakest link in the EEC after Portugal—in that respect.

To begin with something as ordinary as the telephone, we note that Portugal is the West European state where that instrument is almost a luxury item: there are only 180 telephones per 1,000 inhabitants. Just ahead of us is Ireland with 265.

Among us, there is 1 television set for every 10 inhabitants. The average is twice that high in Greece, Ireland, and Italy, whereas the other countries have three or four times as many.

And the same is true of the number of radios. We have less than half the European average.

As for the number of passenger cars, it would be better not to say anything: there is 1 for every 10 Portuguese—in other words, 1 for every 3 families. The FRG, France, Iceland, Italy, and Switzerland have 4 vehicles for every 10 inhabitants—that is, more than 1 for every average family (husband, wife, and one child).

Education

The disparity is even more significant when we consider literacy, about which very little has been said in recent years. Statistics show, however, that we are unfortunately an unlettered country with a truly prehistoric average when it comes to illiterates: 20 percent. As can be seen in the table below [only the figures for Portugal are included here], most of West Europe has an illiteracy rate of 1 or 2 percent.

In other words, whereas those countries have literally eradicated illiteracy (and did so many decades ago), one-fifth of the population in Portugal cannot read or write.

Newspaper readership is obviously linked to literacy. As a result, we are also the country in which the fewest newspapers are read.

Still on the subject of education, it is distressing to find that we are the country with the shortest period of compulsory education.

British children and young people must go to school for a minimum of 12 years, while their counterparts in the FRG, France, and Ireland are required to stay in school for 10 years. It is the Portuguese who study the least: only 6 years (4 years of primary education and 2 of preparatory schooling) are required. That is why we have the scourge of child labor, which is now so repudiated in international forums and which is a phenomenon characteristic of the Third World.

Portuguese averages with respect to the number of students and teachers per 1,000 inhabitants are not excessively out of line with those for the other European countries. But that fact must not be viewed optimistically, because it conceals another social reality—and another indicator of a people's quality of life: life expectancy.

The fact is that in Portugal, life expectancy at birth is low: 67 years for men and 74 years for women. That is why, unlike other states, we do not have an elderly population. And if we do not have an elderly population,

then we necessarily have a young population—that is, one with many students and, naturally, teachers. Confirming that phenomenon is the fact that Portugal has one of the highest birth rates: 12.5 births per 1,000 inhabitants.

But while Portuguese women are fertile, they unfortunately live in the state with the highest rate of infant mortality: For every 1,000 births, 39 newborns die. Even poverty-stricken Turkey performs twice as well as Portugal in that respect, with only 15.3 deaths among newborns.

That truly deplorable statistic leads us to others: we have only 5 hospital beds for every 1,000 inhabitants (the FRG has 13.5) and 2.1 doctors for the same number of inhabitants.

We are also still a long way from our neighbors when it comes to electricity consumption per inhabitant (while that fact is explained in part by our moderate climate, in which winter heating is not required, it also proves that the country is insufficiently industrialized) and the number of kilometers of roads and railroads per 1,000 square kilometers of national territory.

We are a poor country. That being the case, how do we explain the fact that Portugal has the highest percentage of fertile land in all Europe? How do we explain the fact that the active—working—population as a percentage of total population falls within the European average? Moreover, we are not even the country where agricultural activity (traditionally not very productive) requires a major percentage of the active population. Not only that, but while it is one of the lowest, the percentage of negative balance in the trade balance (the difference between imports and exports) is not excessively disturbing. Our exports cover 74 percent of our imports, and that is reasonable in the current European economic situation.

Portugal is, therefore, in a position to make up for lost time. But it is essential to look to the future rather than looking at the recent past and resting on laurels won as a result of the very minor successes achieved a short time ago.

Portuguese Living Standards

- Income per capita (1984): \$1,930.
- Passenger cars per 10 inhabitants: 1
- Exports as a percentage of imports (1985): 74
- Active farming population: 24 percent
- Arable land: 39 percent
- Population density per square kilometer: 111
- Birthrate per 1,000 inhabitants: 12.5
- Electricity consumption per inhabitant: 2,032 kWh
- Students per 1,000 inhabitants: 173
- Teachers per 1,000 inhabitants: 11
- Kilometers of road per square kilometer: 0.6
- Kilometers of railroad per square kilometer: 0.04

- Area: 92,000 square kilometers
- Population (1985): 10,230,000
- Active population (1985): 44 percent
- GDP (1985): \$20.69 billion
- Inflation rate (1986): 10.6 percent
- Telephones per 1,000 inhabitants (1985): 180
- TV sets per 10 inhabitants: 1
- Radios per 10 inhabitants: 2
- Illiteracy: 20 percent
- Doctors per 1,000 inhabitants: 2.1
- Infant mortality: 39 per 100 births
- Life expectancy (years): men: 67; women: 74
- Compulsory education: 6 years
- Hospital beds per 1,000 inhabitants: 5
- Daily newspaper consumption per 1,000 inhabitants: 67

11798

Poll Among Youth Shows National Pride, Optimism About Future 35420108b Lisbon DIARIO DE NOTICIAS in Portuguese 2 Jul 88 p 16

[Text] Most Portuguese young people like their country and would not accept any other nationality, according to a study conducted by the office of the deputy minister for youth in 1987, the results of which have just been published. The study, which was aimed at determining the characteristics and aspirations of Portuguese young people, covered 2,000 interviewees under 30 years of age.

Including people up to the age of 29, Portugal is, along with Spain, the country in Europe with the second-largest percentage of young people (47.3 percent in both countries), being surpassed only by Ireland, where the population in that age group exceeds 50 percent. In Portugal's case, that percentage translates into 4.8 million individuals, of whom 80 percent like the country and 67 percent have hopes for their collective future, rejecting the idea of adopting another nationality, according to the study.

But while 61 percent consider it "probable" or "very probable" that Portugal will achieve a standard of living equal to that in the other EEC countries over the next 10 years, there are still 23 percent considering the possibility of emigrating, while 35 percent say they do not want to leave the country. Sentimentally attached to national values, 64 percent feel great emotion when the flag is raised, as do 71 percent when they hear the national anthem and about 85 percent when Portuguese individuals are successful abroad.

Of the total number of Portuguese young people, 24 percent are between the ages of 15 and 29, an age group which, according to the document in question, will feel

the greatest impact from full membership in the European Community in 1992, even though the "chief beneficiaries of the practical results of the single act" are considered to be those individuals under 24 years of age, who constitute 40 percent of the population.

Meanwhile, the attitude of about 73 percent of Portuguese young people is that they are "satisfied" or "very satisfied" with life, and 78 percent see it as their role in society to prepare for the future, although only 6 percent aspire to be members of a political party.

Society, School, and Work

On the other hand, 71 percent of young people would like to live alone, and socializing with friends is the activity which most satisfies 80 percent of them. The only alternative to that socializing, in the opinion of 69 percent, is going to cafes.

Also in the social sphere, but this time from the standpoint of recreation, 83 percent of the young people polled would like to belong to musical groups, cultural and recreational associations, movie clubs, theater groups, ecological groups, or sports clubs. And 70 percent also say they would like to pursue a healthful activity, but 84 percent claim that they do not practice sports due to the lack of sports facilities and time.

Rather than obtain a secondary or higher education, 54 percent of Portuguese young quit school, although 40 percent of them say they would like to have continued and 24 percent say they could not continue because of

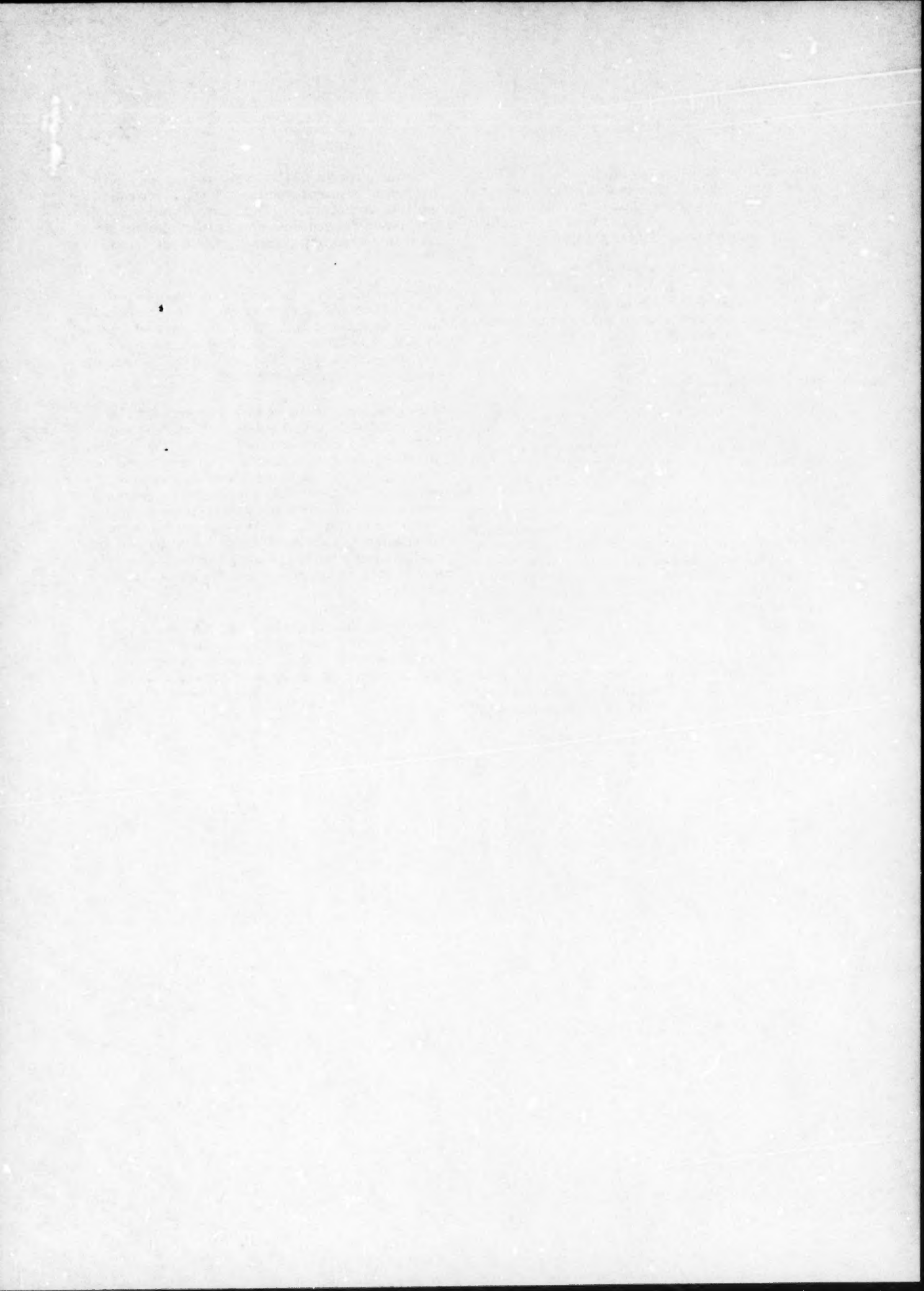
financial difficulties. The higher courses they prefer continue to be primarily the humanities (29 percent) and medicine and pharmacy (17 percent). Those two fields combined are ahead of the group consisting of the exact sciences, engineering, economics, and management (33 percent).

Concerning the organization of education, 44 percent want better facilities more than anything else, while 38 percent want better teachers, and 31 percent want more student participation. School is valued primarily as a place for socializing (by 85 percent) and only secondarily as a place for acquiring knowledge.

Vocational training courses have never been attended by 88 percent of those young people, although 37 percent would like to do so, preferably in the areas of data processing, mechanics, electronics, accounting, and secretarial work. As far as work itself is concerned, 72 percent of Portuguese young people value the pleasure of achievement, 40 percent enjoy the development of their abilities, and only 35 percent are concerned above all with the money to be made. Eighty-five percent support negotiation as a means of dealing with employers, and 5 percent have no hesitation about striking as a means of struggle.

Produced so that the ministry concerned would have an "idea of the real situation of young people," the extensive document in question also discusses future actions in connection with policies to be adopted.

11798



END OF

FICHE

DATE FILMED

12 Sept, 1988